



City of Long Beach
Working Together to Serve

Memorandum

Date: February 27, 2007
To: Gerald R. Miller, City Manager *gm*
From: Michael A. Killebrew, Director of Financial Management *mk*
Suzanne R. Mason, Deputy City Manager *sm*
For: Members of the Budget Oversight Committee
Subject: Proposed Budget Oversight Committee Work Plan for 2007

Below are proposed agenda items for the first Budget Oversight Committee (BOC) meeting of Fiscal Year 2007 (FY 07), along with a list of proposed dates and possible topics for discussion during future meetings. We look forward to working with the BOC over the coming months as the Committee continues to fulfill its role in advising the City Council on opportunities to maintain compliance with the City Council's Adopted Financial Policies and sustain the structurally balanced budget.

BOC Agenda: February 27

1. FY 06 Year-End Report (Attachment A)
2. FY 07 BOC Recommendations (Attachment B) and Work Plan
3. FY 08 Budget Preparation Calendar (Attachment C)
4. Review Process for FY 08 Adopted City Council Financial Policies (Attachment D)

The following are proposed dates for the monthly BOC meetings traditionally scheduled on the third Tuesday of each month from 3:00 p.m. to 4:30 p.m.:

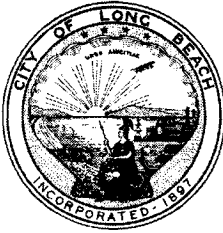
- March 20
- April 17
- May 15
- June 19
- July 17
- August 21

The following are some additional topics recommended for discussion by the BOC:

- Multi-year Financial Plan
- GASB 45 – Other Post Employment Benefit Accounting
- Quarterly Budget Performance Reports
- Parking Optimization Update
- Comprehensive Annual Financial Report (CAFR) Review
- Review of Departments' FY 07 Program Budgets and Related Performance Information
- Public Safety Facilities
- Police Staffing: Costs, Results and Options for Funding
- Future Revenue Options
- Develop and Finalize BOC Recommendations for FY 08

Attachments

CC: MAYOR AND MEMBERS OF THE CITY COUNCIL
CHRISTINE F. SHIPPEY, ASSISTANT CITY MANAGER
REGINALD I. HARRISON, DEPUTY CITY MANAGER
ROBERT SHANNON, CITY ATTORNEY
THOMAS REEVES, CITY PROSECUTOR
LAURA DOUD, CITY AUDITOR
DEPARTMENT HEADS



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802

January 23, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Refer the Fiscal Year 2006 Year-End Budget Performance Report to the Budget Oversight Committee. (Citywide)

DISCUSSION

This report provides an update on the City's Fiscal Year 2006 (FY 06) budget and operational performance through September 30, 2006, the FY 06 fiscal year-end. The information provided is unaudited since the audit for FY 06 is not expected to be available until March 2007.

The report covers a broad spectrum of financial information for all funds and departments with multi-year comparisons, charts and graphs to provide a clear picture of the City's financial situation. While the focus of the financial report is the General Fund, exceptional performance (both positive and negative) in other funds is highlighted where applicable.

Summary

The City of Long Beach completed Fiscal Year 2006 adhering to the financial policies set forth by the City Council to remain steadfast in maintaining fiscal discipline. At the end of FY 06, the third year of the City's Financial Strategic Plan (Plan), the City took clear and dramatic steps by adopting a structurally balanced FY 07 budget. Over \$92 million in structural budget solutions had been implemented through FY 06. FY 06 was beset with many cuts relating to services, programs and vacant positions, all the while trying to maintain a level of service expected by the community with strained City finances. Yet through prudent efforts to practice fiscal discipline and the newly implemented performance based program budget approach, there now is a sense of confidence and purpose when making budgetary decisions for the next fiscal year.

Many factors impacted the City's fiscal health in FY 06; slight increases in healthcare and pension costs, substantial commitments to public safety compensation and much needed citywide infrastructure maintenance. Though some of the costs were inevitable, many have been postponed until the City has the resources needed to make these critical investments. Critical infrastructure repairs to aging police and fire stations, sidewalks, streets and pipelines is far beyond the City's ability to address in one year, and must be addressed with long term solutions. In terms of resources, the City experienced increased revenues compared to FY 05, as property tax and sales tax generated a substantial

increase of 8.2 percent and 7.4 percent, respectively. However, it is important to note that while the City's revenues increased, so did the cost of delivering programs and maintenance services. At the same time, departments have endured three years of extensive budget reductions in an effort to eliminate the City's General Fund structural deficit. As a result, departments' ability to remain within appropriation limits while providing high quality service will be a continued challenge as the City restores equilibrium between the services it provides and the resources available to support them. With current economic conditions, it is in the City's best interests to be prepared for changes in funding levels and the resultant impact on service levels.

As of fiscal year-end, the actual expenditures for all departments and all funds are \$2.284 billion (unaudited). The total Adjusted City Budget for all funds as of September 30, 2006 was \$2.655 billion. Revenues for all departments and all funds are \$2.237 billion (unaudited). Unspent funds will be carried forward into subsequent fiscal years to support multi-year project or grant-funded activities. For the General Fund, actual expenditures for all departments are \$368.6 million, or \$316,466 less than the Adjusted Budget of \$368.9 million, and \$247,566 less than the estimates-to-close of \$368.9 million. Actual General Fund revenues for all departments are \$367.7 million, or \$3.24 million less than the estimates-to-close of \$370.9 million.

The City of Long Beach is committed to being responsive, transparent and fully accountable to the community. There is no more important tool to achieving this commitment than the City's performance management program, *Focus on Results (FOR) Long Beach*. Performance management provides the information the City needs to make good decisions about the way it spends its money to achieve results for the community. Tracking performance measures for 160 programs citywide helps departments to improve operational efficiency and effectiveness, and to communicate the public value generated via its services. Through performance-based program budgeting, decision makers are creating a direct link between desired results and the investments required to support them. *FOR Long Beach* gives the City the tools to support difficult decisions about the allocation of scarce resources. As we complete the first year of *FOR Long Beach* implementation, much has been accomplished. Departments are now utilizing hundreds of performance measures to develop strategies for effective service delivery and to communicate the results provided to the community. Over the next year, significant progress will be made through ongoing professional development and training of City staff, toward the full integration of performance management into the daily business of the City.

FY 06 General Fund Revenue

As of fiscal year-end, \$367.7 million of General Fund revenue was received. Year-end revenues were \$4.3 million (or 1.2 percent) higher than adjusted budget, due mainly to higher secured property taxes, sales tax, and property tax in lieu of vehicle license fee payments. Notable decreases occurred with telephone users tax and penalties, but were offset by other revenue increases.

FY 06 year-end revenues are \$5.4 million (or 1.4 percent) less than FY 05 despite tremendous real revenue growth. This is due in large part to the elimination of a one-time \$4.6 million adjustment in property tax accrual to comply with Governmental Accounting Standards Board pronouncements.

The table below highlights FY 06 performance for selected General Fund revenues:

HONORABLE MAYOR AND CITY COUNCIL

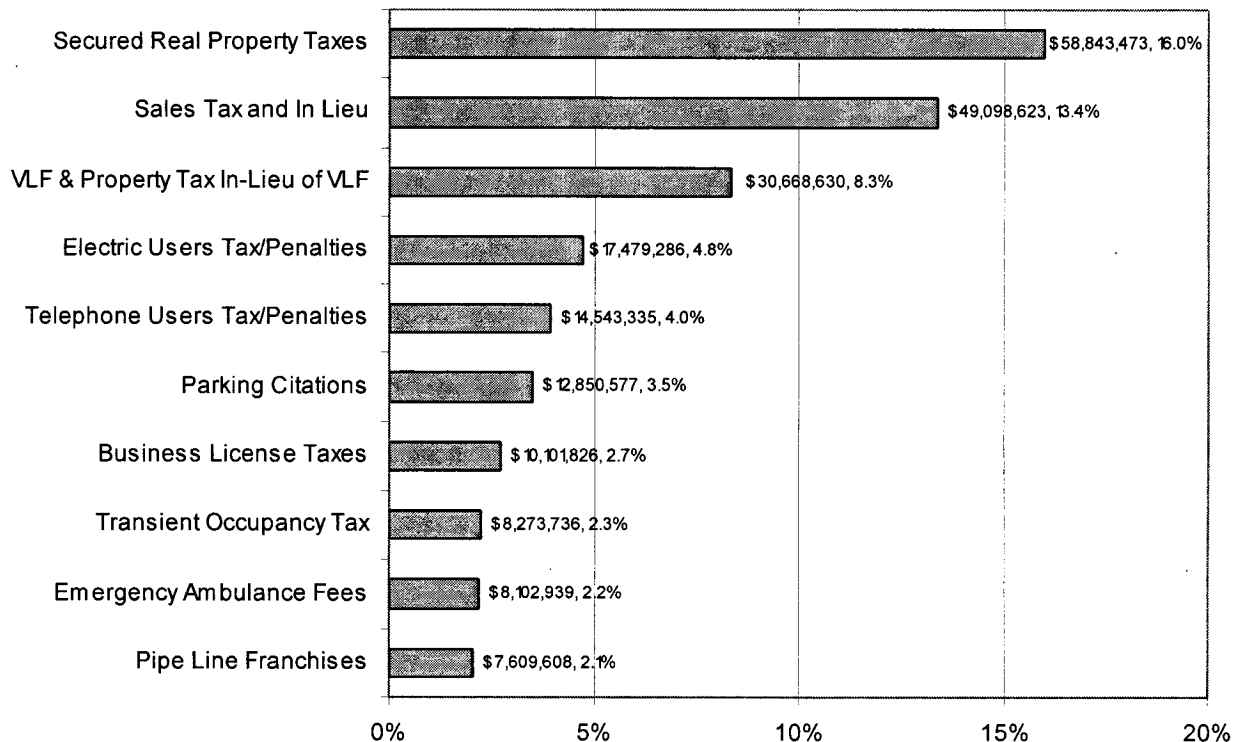
January 23, 2007

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Revenue Source	FY 06 YTD Revenue	YTD Rev as % of Adjusted Budget	Notes
Secured Property Tax	\$58,843,473	101.4%	Assessed valuation growth due to property sales and new construction contributed to collections above budget and 8 percent greater than FY 05 levels.
Sales and Use Tax (net of sharing agreements and adjusted for the Triple Flip)	\$49,098,623	102.9%	The Sales and Use Tax payments were reduced by 25 percent for the State Triple Flip and are offset by the bi-annual Property Tax In-Lieu of Sales Tax payment from the State. Healthy growth in the City's sales activity contributed to collections 7.4 percent above FY 05 levels.
Motor Vehicle In-Lieu Tax (VLF), combined with Property Tax in Lieu of VLF	\$30,668,630	121.5%	Payments for VLF are received monthly, while the Property Tax In-Lieu of VLF is received in January and May. Collections well above budget are due to growth in the City's gross assessed property valuation that is used as the methodology to compute the Property Tax In-Lieu of VLF. Motor Vehicle In Lieu Tax collections also performed 29.1 percent above budgeted levels.
Utility Users Tax	\$40,721,626	98.6%	Electric UUT collections were above budget due to multiple rate increases phased in during FY 06. Natural gas UUT collections were higher than anticipated due to higher natural gas prices. Telephone UUT collections are lower, due to continued price competition in the telephone industry. Water UUT collections came in slightly below budget.
Parking Citations	\$12,850,577	119.5%	Collections for Parking Citations were above budget due to fully staffed enforcement positions.
Business License Tax	\$10,101,826	101.7%	Collections were slightly above budget due to a continued increase in the number of licenses issued and annual CPI adjustments.
Emergency Ambulance Fees	\$8,102,939	98.3%	Compared to FY 05, Emergency Ambulance fees are higher due to the implementation of the Basic Life Support (BLS) pilot ambulance transport program. Overall fee collections were 1.7 percent less than projected, but represented the successful performance of the pilot program's first year.
Transient Occupancy Tax	\$8,273,736	101.5%	Growth in occupancy levels and room rates led to Transient Occupancy Tax receipts slightly above budget.
Pipeline Franchises	\$7,609,608	93.6%	Southern California Gas Pipeline Franchise fee ended the year below budget by \$517,394. Though natural gas prices were higher, the volume transferred to electric plants during the first two quarters of the year was nearly half that of the same period in FY 05. Franchise payments in later quarters demonstrated a rebound and slight growth.

A summary of the top 40 General Fund revenues with year-end actuals is included in **Attachment A**, and a year-to-year (FY 05 to FY 06) comparison of the top 15 General Fund revenues is included in **Attachment B**. Exhibit 1 below shows the City's top 10 General Fund revenue sources in FY 06 as a percentage of total General Fund revenue; in aggregate, the Top 10 represents \$217.6 million, or 59 percent, of General Fund revenues. For reference, the General Fund commitment to Police and Fire Departments in FY 06 was \$231.5 million.

Exhibit 1 – Top 10 FY 06 General Fund Revenue Sources as a Percentage of the \$367.7 million FY 06 Amount



General Fund Revenue By Department

Attachment C provides a breakdown of General Fund revenue performance by department. General Fund revenue by department is impacted by the variances mentioned in the previous section. Many of the departmental variances are captured in the footnotes of this attachment to reflect the continuing impact of prior periods on year-end performance.

FY 06 General Fund Expenditures

The Adopted General Fund budget for FY 06 was \$362.1 million. As of September 30, 2006, the total adjusted General Fund budget was \$368.9 million, reflecting City Council-approved budget adjustments totaling approximately \$6.8 million, primarily related to added grant-funded or revenue offset programs or projects. Department estimates-to-close are in line with the adjusted budget at 100 percent of the current adjusted budget. Total General Fund spending closed the year on budget. **Attachment D** provides a listing

of all departments' year-to-date General Fund expenditure performance through fiscal year-end.

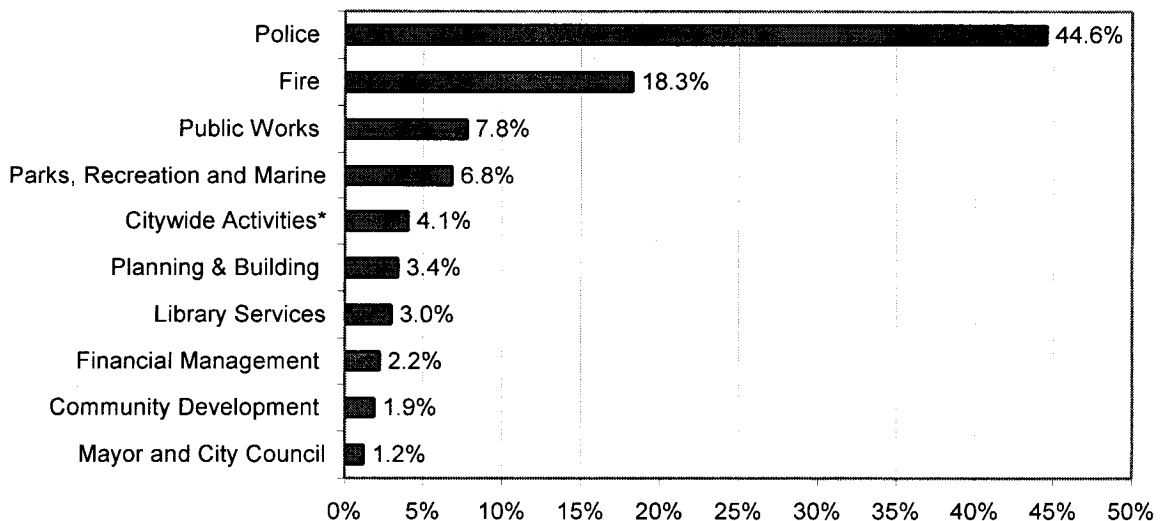
FY 06 General Fund Expenditures by Department

General Fund spending at the department level is, as anticipated, down by 3 percent compared to prior year's actual expenditures through fiscal year end as called for in the City's Financial Strategic Plan. **Attachment E** displays General Fund spending at the department level as compared to the departments' current adjusted budget, including an FY 06 to FY 05 comparison.

Though there were few expenditure performance exceptions at the department level, those worth noting include:

- As anticipated and reported in prior financial reports, Citywide Activities reflects spending above budget at year-end. This is primarily due to the fact that the Adjusted Budget reflects anticipated savings from optimization studies. Structural savings are still anticipated, but due to the complexity of optimization studies savings will not be fully realized until next fiscal year. Despite this overage in the Citywide Activities, savings in other departments kept the General Fund within overall appropriations. In addition, the Citywide Activities budget is within legal appropriations for all funds.
- The Police Department exceeded its General Fund FY 06 budget primarily due to increased overtime (year-end total was \$13.4 million, a \$2.2 million increase over FY 05). Starting in August several Task Force operations were run in North Long Beach to counter increases in crime. Task Forces rely heavily on overtime for staffing. The Police Department budget is within legal appropriation for all funds.

Exhibit 2 – Largest FY 06 Year End General Fund Expenditures by Department, as a Percentage of the \$368.6 million Total Expenditures.



*Citywide Activities include debt payments, pass through transactions, old Police and Fire pension plan, General Fund CIP funding, etc.

FY 06 Expenditure Performance – All Funds

The City's Adopted FY 06 Budget for all funds includes \$2.069 billion of annual funds, carryover (multi-year grants and capital projects funds) of \$245.4 million, prior year encumbrances (goods and services ordered in FY 05 but received in FY 06), and mid-year City Council approved budget amendments. Combined, the total Adjusted City Budget as of September 30, 2006 was \$2.655 billion. All funds ended the year within their appropriations limits. Please see **Attachment F** for a breakdown of Citywide expenditures by fund.

Vacancy Analysis

The City Manager continued to enforce strict reviews of requests to fill vacant positions throughout FY 06 to ensure critical salary savings were generated as the structured deficit was further reduced. The reviews did not apply to sworn or dispatch personnel. Critical service delivery and revenue generating positions continued to be filled throughout FY 06. As of September 2006, the following vacancies existed:

- The General Fund vacancy rate was 7 percent, with sworn and dispatcher positions at 4 percent.
- The Citywide vacancy rate was 10 percent.

Other Significant Issues

Oil Revenue

Wilmington Crude prices remained strong, with the price at \$50.90/bbl, as of September 26, 2006. This resulted in additional payments to the State, as well as achieving anticipated increased revenue for the Tidelands Fund and General Fund. During FY 06 the City's oil operations transferred \$16.6 million to the Tidelands Fund up from the original budget \$11.2 million, while the transfer to the General Fund for oil related revenue was \$13.3 million up from the \$10.2 million budget. These additional one-time resources were used to offset higher related fuel costs, fund deferred capital projects or contribute to the carried-over ending fund balances.

Fire Department's Basic Life Support Program

In the beginning of FY 06, the City assumed a larger role in the provision of Emergency Medical Services (EMS) by implementing a pilot Basic Life Support (BLS) Ambulance Transportation Program in accordance with the Fire Services Optimization study. The BLS program met all its operational objectives of improving customer service by speed of response, level of care and reliability, and building a continued pool of qualified fire recruits. The program recovered all its costs within the first ten months of start up and has increased cost recovery for all emergency medical services provided. Based on the resounding success of the pilot, the City Manager approved the program permanently.

Tidelands Fund

The Tidelands Fund continues to benefit from better than expected oil revenues and a significant transfer from the Harbor Fund, totaling \$14.2 million in FY 06. These revenues, combined with oil and other Tidelands operating revenues, have covered budgeted operating expenses, funded \$4.3 million in deferred capital projects, including the development of Jack Nichol Park, Pier Plaza repairs, continued repair of the seawalls, lifeguard telephone and radio upgrades, and roof replacements at the Terrace and Center Theaters. In addition, approximately \$500,000 in unbudgeted operational enhancements were funded, including Municipal Band performances in the Tidelands area, the Fourth of July fireworks show, and enhanced security on the beaches and in Rainbow Harbor.

The FY 07 budget again includes substantial oil revenues and another \$14.2 million Harbor Fund transfer, which will be needed to cover operating expenses and capital projects. The capital projects include seawall repairs and the replacement of a Convention Center Exhibit Hall roof. While the capital projects funding is welcomed, it barely begins to address the deferred capital needs list which currently totals over \$50 million. Finally, a tentative agreement has been reached with regards to the Queen Mary bankruptcy proceedings, which should provide additional funds for capital projects in the upcoming years.

Capital Improvements Program

The Capital Improvements Program spearheaded by the Department of Public Works provides maintenance and repairs to the City's facilities and infrastructure. Through strategic investments of \$9.9 million during FY 06 (not including funds from the Redevelopment Agency), 2.5 miles of arterial streets and 5 miles of residential streets were repaired. Approximately 165,000 square feet of sidewalk were repaired and over 160 handicap ramps were constructed throughout the City.

To promote community safety, the Department completed more than 100 safety improvements at traffic signals including the installation of over three hundred countdown pedestrian signal indications and the installation of larger and more visible signal indications. Over 130 new on-street parking spaces were added by creating four angled parking projects to address some parking challenges.

Looking forward, continued investment in streets and sidewalks must continue to be a priority. Increased investment in City facilities is also required in order to avoid costly unscheduled repairs and to ensure the community gets improved quality of experience and the maximum lifespan from its facilities.

Focus on Results – Operational Performance

Focus on Results (FOR) Long Beach, the City's comprehensive performance management effort, has completed the development of Strategic Business Plans for all City Manager Departments and associated performance objectives and measures. This report highlights the first year's successes and challenges departments experienced in tracking initial performance information about the services we deliver to the community. Performance information for 52 key measures, as selected by departments, reflects another way that our organization continues to improve responsiveness, accountability and transparency to our decision-makers and community. These key measures provide four quarters of

performance data in **Attachment G**. Summarized below are a few highlights of department performance that are significant accomplishments on behalf of the community.

FY 06 Performance Highlights

Department: Community Development (See Page G-3)

Program: Career Development Services Program

The number of Long Beach residents receiving employment services from the Career Development Services Program exceeded earlier projections by over 7,000 participants in FY 06, an increase of nearly 47 percent. These gains can be partially attributed to the City's targeted industry initiatives in construction, health care and transportation/logistics, helping prepare our community for work.

Department: Financial Management (See Page G-5)

Program: Utility Customer Services Program

The Utility Customer Services Program completed over 552,000 customer responses for the year, almost 90,000 more than FY 05. Effective customer service was improved through an increase in automated services (telephone and online) and expanded hours of operation of the Call Center from 4:30 pm to 6:00 pm. Utility Services is a primary contact between the City and the community, making excellent customer service and convenience in this Program a high priority.

Department: Fire (See Page G-7)

Program: Emergency Response Operations Program

The percentage of structure fires confined to the room of origin continued to improve steadily throughout FY 06, reaching 83 percent in the fourth quarter. Rapid response, effective training and timely dispatch all contribute to confining fires, limiting damage and protecting the lives and property of the citizens of Long Beach.

Department: Library Services (See Page G-13)

Program: Library Resources Program

The demand for library resources, including books and media such as DVD's, CD's and books-on-tape, exceeded the projected target in FY 06 by approximately 350,000 or 25 percent. This reflects the trend of Long Beach residents increasingly turning to the library to meet their educational, cultural and recreational needs.

Department: Parks, Recreation & Marine

Program: Sports Program (See Page G-17)

Participation in the recreational team Sports Program exceeded 207,000 participant days, or 121 percent of target, for FY 06 (targets are based on actual totals from prior years). This dramatic increase in demand for team sports may be attributed to higher levels of program popularity and improvements in record keeping, and continues to contribute to the overall health and fitness of our community.

Department: Planning & Building

Program: Historic Preservation Program (See Page G-19)

The Historic Preservation Program increased its review of historical appropriateness applications by almost 140 applications, 39 percent more than the FY 06 target. Such success is the result of professional staffing, process improvement, implementation of

a new tracking system and higher training standards, further contributing to the unique tradition and personality of Long Beach neighborhoods.

Department: Police

Program: Patrol Program (See Page G-21)

Average response time for priority one calls remained under 5 minutes for FY 06, exceeding the target by 24 seconds. One of the most significant measures of efficient operations and effective crime fighting, the Long Beach Police Department continues to respond to the most significant calls for service in a timely fashion, protecting lives and property.

Department: Public Works (See Page G-23)

Program: Refuse Collection Program

In FY 06, the Refuse Collection Program completed 3,075 requests to pick up illegally dumped items, exceeding the annual target. This program was enhanced by the Clean Long Beach Program that helped raise awareness of the City's efforts to keep the streets of the City clear and safe from debris through the collection of illegally dumped items.

Optimization Studies

The City's rolling Financial Strategic Plan includes a number of efforts aimed at not only addressing the structural deficit, but at improving the operational efficiency and effectiveness of the organization. The City's commitment to continuous improvement is greatly enhanced through the annual optimization program. The following provides an update on the various business process improvement efforts, or optimizations, worked on during FY 06.

- Strategic Communications: In November 2005, City Council requested that the City Manager take steps to review the City's communication strategies to see if there could be increased efficiencies and possible savings. Consequently, the City Manager's Office authorized a Communications Review of all City Manager departments in order to develop an overarching Communications Strategy. SAE, a nationally-recognized strategic communications firm, is currently conducting research that includes interviews with the City Council, City management, and representative public information officers, businesses, media and residents. SAE will also review the City's major publications.

It is expected that the research and recommendations for the Strategic Communications Plan will be complete in Spring 2007. The Plan, when approved, will become an integral part of the City's overall management structure and a valuable tool in helping the City communicate with those it serves.

- Employee Healthcare: Commencing in 2005, this comprehensive review focused on the City's employee healthcare program. As experienced by other U.S. municipalities and the private sector, the City's healthcare costs have continued to grow significantly over the past few years. This review helped the City identify best practices in the industry and opportunities to reduce program costs. A joint Labor/Management Team was seated to work with an outside healthcare industry expert, tasked with assessing the City's current program, provide best practice recommendations, and to evaluate

the market for the City's employee healthcare programs for potential cost savings and improved customer service to over 6,000 City participants. The review of the City's program and marketing of the Plan was completed in 2006. Negotiations with Employee Healthcare Plan providers to ensure cost savings and improved services to employees are ongoing.

- Custodial Services: A Citywide Custodial Services Optimization Team comprised of custodial personnel from across the City was seated to share ideas, review best practices and develop recommendations for service improvements. An industry expert was selected to work with employees to assess current custodial operations. Floor plans for over 200 City facilities receiving custodial services have been reviewed and the consultant is in the process of developing recommendations for citywide custodial standards, staffing, training, equipment and materials, all leading to increased efficiencies as well as more effective custodial services. Improvements are also anticipated to extend the useful life of City facilities. The Custodial Services Optimization will be completed in early 2007.
- Mail/Messenger Services: This study sought to identify opportunities to improve the efficiency, effectiveness and quality of service of the City's mail/messenger activities. A review of best practice processes is complete. A final report of recommended business process improvements will be completed in 2007.
- Towing and Lien Sales: This study evaluated the City's Towing and Lien Sales operations to identify intra- and interdepartmental efficiencies to decrease costs and/or enhance revenue collection, and improve overall delivery of service. An employee workgroup was convened, culminating in over 200 recommendations for improvement. The Towing and Lien Sales Optimization was approved in FY 06, with a number of staffing and operational recommendations incorporated in the FY 07 Adopted Budget.
- Fleet Parts Room: The Fleet Parts Room Optimization sought to identify cost saving opportunities and efficiency enhancements in the activities of the City's Fleet Parts Room. An employee workgroup was convened and developed recommendations for staffing, physical layout of the operation, security and technological upgrades, and overall improved work processes. Implementation of these recommendations is ongoing and will create efficiencies for Parts Room customers, reduce costs and improve customer service.
- Information and Technology: In September 2005, the City engaged the firm of Bartig, Basler & Ray (BB&R) to conduct an Information Technology Optimization Study. The focus of the study was an operations review of how the City uses technology to meet its mission, make policy decisions, enforce accountability and evaluate performance. Specifically, the City desired to identify ways to reduce costs and improve service levels in the delivery of information technology services. The study, completed in 2006, provided an assessment of the City's technology across all City departments and provided recommendations for improved governance, service delivery and management practices. Staff has begun implementing the study's recommendations. This includes revising the technology project approval process, updating the information systems master plan, creating business analyst positions, and contracting for personal computer installations and software training.

- Ambulance Billing: The objective of the Ambulance Billing review was to identify a service delivery process that would achieve the highest collection rate possible for the City. An employee workgroup in the Department of Financial Management worked with an industry expert and other City departments, to develop recommendations to improve billing processes and procedures. The report was completed in 2006, with recommendations being implemented in FY 07.
- User Fee Study (Phase II): In June 2004, the City selected Public Resource Management to assist in conducting a comprehensive review of user fees to identify the true cost of providing various fee-related services and to explore the possibility of modifying existing fees to better reflect/recover the cost of providing municipal services. Phase I of the study was completed in Spring 2005. Phase I recommendations were enacted by the City Council in August 2005 and as part of the FY 06 Adopted Budget. Phase II of the study was completed in 2006, identifying a City subsidy of services of approximately \$10.8 million. The City expects to recover approximately \$3 million during FY 07 and FY 08 through the deliberate increase in targeted fees for service. Approximately \$1.4 million in General Fund and related fund fee increases were adopted as part of the FY 07 budget.

FY 07 General Fund Outlook

On August 14, the Mayor released the City Manager's FY 07 Proposed Budget to the City Council. The FY 07 Proposed Budget reflects the elimination of the structural deficit. As was anticipated two years ago by staff, the passage of State Proposition 1A has prevented the State from usurping local revenues and in turn has made prediction of City funding more certain. Staff is confident that the local economy will continue its solid growth, and that key City revenues will also remain steady. Looking to the future, we must not lose sight of the fact that the amended Police Officers Association labor agreement calls for an increase of approximately \$10 million over the next three years. This includes an immediate 5 percent longevity pay increase for officers with ten or more years in service; followed by another 5 percent increase in October 2007 for officers with more than 15 years of service and the remaining increases to come in 2008 and 2009. Over half the force has 10 or more years of service resulting in a total cost of \$2.4 million for FY 07 and the amended contract is anticipated to absorb most, if not all, of the projected net structural revenue growth of the General Fund over the next three years.

Conclusion

Despite the positive year-to-date performance, there is reason to maintain a firm position of fiscal restraint. We must be ever mindful of the tenuous nature of General Fund revenue sources, the FY 07 budgetary reliance upon one-time revenue from planned land sales and some of the planned savings from optimization studies may not be realized until next fiscal year. Also, the judicious use of additional one-time resources earned in FY 07 must be allocated toward the City's highest priority one-time uses (e.g. capital projects, pay-down existing debt or other non-recurring needs). The City will continue to fully implement the Plan solutions in FY 07 to solve the remaining \$10 million in structural deficit in a collaborative and transparent manner.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

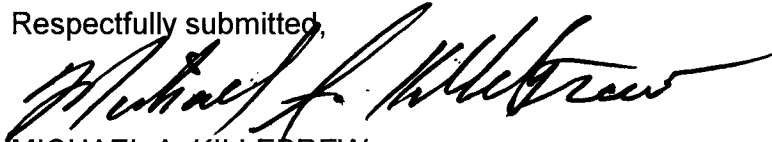
FISCAL IMPACT

There is no fiscal impact associated with the recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENTS

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APPROVED:



GERALD R. MILLER
CITY MANAGER

September 2006
General Fund Revenue (Top 40)
Fiscal Year 2006
(100% of Year Completed)

Attachment A

TOP 40 GENERAL FUND REVENUES	FY 05 Year End Actuals	FY 05 September YTD	FY 06 September YTD	FY 06 September YTD Over/(Under) FY 05 September YTD	% of FY 06 Adj Budget	FY 06 Adjusted Budget
SECURED REAL PROPERTY TAXES ¹	\$ 54,396,274	\$ 54,396,274	\$ 58,843,473	\$ 4,447,199	101.4%	\$ 58,015,000
CITY SALES AND USE TAX & IN-LIEU SALES AND USE TAX ²	45,734,064	45,734,064	49,098,623	3,364,559	102.9%	47,738,000
VEHICLE LICENSE FEE & PROPERTY TAX IN-LIEU OF VLF ³	23,804,290	23,804,290	30,668,630	6,864,339	121.5%	25,250,000
ELECTRIC USERS TAX & PENALTIES ⁴	15,872,739	15,872,739	17,479,286	1,606,547	105.9%	16,500,150
TELEPHONE USERS TAX & PENALTIES ⁵	15,453,280	15,453,280	14,543,335	(909,946)	90.3%	16,100,000
PARKING CITATIONS ⁶	11,281,860	11,281,860	12,850,577	1,568,718	119.5%	10,750,758
BUSINESS LICENSE TAXES	9,640,923	9,640,923	10,101,826	460,903	101.7%	9,930,000
EMERGENCY AMBULANCE FEES	5,065,094	5,065,094	8,102,939	3,037,845	98.3%	8,240,000
TRANSIENT OCCUPANCY TAX	7,763,905	7,763,905	8,273,736	509,831	101.5%	8,150,000
PIPE LINE FRANCHISES ⁷	7,770,758	7,770,758	7,609,608	(161,149)	93.6%	8,127,000
PIPELINE FEES	5,402,713	5,402,713	6,599,061	1,196,348	99.2%	6,650,053
GAS USERS TAX & PENALTIES	5,117,902	5,117,902	5,795,553	677,651	101.7%	5,700,000
ELECTRIC COMPANY FRANCHISES ⁴	5,553,646	5,553,646	6,320,914	767,268	112.9%	5,600,000
AMERICAN GOLF LEASE	3,625,019	3,625,019	4,080,807	455,789	99.5%	4,100,000
AIRPORT-FIRE	3,609,142	3,609,142	3,974,540	365,398	100.0%	3,974,540
OTHER DEPT SVCS TO PROPRIETARY FUNDS ⁸	2,770,067	2,770,067	3,779,798	1,009,732	109.5%	3,452,639
VEHICLE CODE FINES ⁹	3,102,143	3,102,143	3,003,644	(98,499)	91.0%	3,300,000
INTEREST-POOLED CASH ¹⁰	3,386,755	3,386,755	3,876,636	489,882	119.3%	3,250,000
LAND,BLDG,R/W,EASEMENT,APT RENTALS	3,086,021	3,086,021	3,336,297	250,275	104.0%	3,208,372
CIP-ENGINEERING CHARGES ¹¹	2,504,081	2,504,081	2,029,137	(474,944)	64.4%	3,150,000
WATER USERS TAX & PENALTIES	2,851,867	2,851,867	2,903,452	51,585	96.8%	3,000,000
CHARGES FOR SPECIAL SERVICES ¹²	3,313,027	3,313,027	3,178,922	(134,105)	106.9%	2,974,840
PROCER LONG TERM LEASES	-	-	2,902,000	2,902,000	100.0%	2,902,000
MISC REFUNDS & REIMB ¹³	2,940,407	2,940,407	3,650,594	710,188	145.7%	2,505,982
PRIOR YEAR SECURED REAL PROPERTY TAXES ¹⁴	3,611,267	3,611,267	4,830,642	1,219,374	193.2%	2,500,000
REAL PROPERTY TRANSFER TAX ¹⁵	2,898,321	2,898,321	2,330,140	(568,181)	101.3%	2,300,000
OIL PRODUCTION TAX	2,223,557	2,223,557	2,243,749	20,192	100.2%	2,240,000
UNSECURED PERSONAL PROPERTY TAXES ¹⁶	1,686,687	1,686,687	1,287,706	(398,980)	64.4%	2,000,000
BUILDING PLAN CHECK FEES ¹⁷	2,226,176	2,226,176	2,298,084	71,907	114.9%	2,000,000
BUILDING PERMITS	1,502,913	1,502,913	1,689,983	187,070	99.5%	1,697,750
REDEV. REIMB. -NORTH LB ¹⁸	1,691,803	1,691,803	2,108,789	416,986	127.6%	1,653,055
ASSET MANAGEMENT CHARGES	1,497,614	1,497,614	1,499,040	1,426	99.8%	1,501,706
MISC REVENUE FROM OTHER AGENCIES ¹⁹	778,535	778,535	768,727	(9,809)	51.9%	1,480,155
OFF-STREET PARKING	1,312,970	1,312,970	1,369,534	56,564	100.7%	1,359,386
CITY/MISC/BOND REFI ADVANCES ²⁰	-	-	1,146,292	1,146,292	88.2%	1,300,000
OTHER DEPT CHGS TO GOVTL FUNDS ²¹	2,250,648	2,250,648	1,543,622	(707,026)	123.4%	1,250,736
COMBINATION BUILDING PERMITS	1,591,846	1,591,846	1,661,552	69,706	134.5%	1,235,000
METERED/OTHER PARKING	928,241	928,241	975,875	47,634	82.0%	1,190,000
FACILITY RENTAL	679,058	679,058	669,332	(9,726)	72.2%	927,229
TRANSFERS FROM OTHER FUNDS	44,136,969	44,136,969	41,528,659	(2,608,310)	104.1%	39,898,675
SUBTOTAL TOP 40 GENERAL FUND REVENUES	313,062,581	313,062,581	340,955,115	27,892,535	104.2%	327,103,025
SUBTOTAL ALL OTHER REVENUES ²²	60,054,416	60,054,416	26,752,205	(33,302,212)	73.6%	36,344,863
TOTAL	\$ 373,116,997	\$ 373,116,997	\$ 367,707,320	\$ (5,424,143)	101.2%	\$ 363,447,888

Notes: See next page

**September 2006
General Fund Revenue (Top 15)
FY 06 Compared to FY 05
(100% of Year Completed)**

Attachment B

Ranking	General Fund Revenue Source	FY 05 Adopted Budget	FY 05 September YTD	% Received FY 05	FY 06 Adopted Budget	FY 06 September YTD	% Received FY 06	\$ Variance FY 06 to FY 05	Percent Change FY 06 to FY 05
1	Property Taxes	\$ 56,700,000	\$ 54,396,274	95.9%	\$ 58,015,000	\$ 58,843,473	101.4%	\$ 4,447,199	8.2%
2	Sales and Use Tax & In-Lieu Sales and Use Tax	40,389,680	45,734,064	113.2%	47,738,000	49,098,623	102.9%	3,364,559	7.4%
3	Vehicle License Fees & Property Tax In-Lieu of VLF ¹	21,800,000	23,804,290	109.2%	25,250,000	30,668,630	121.5%	6,864,339	28.8%
4	Electric Users Tax/Penalties	16,153,000	15,872,739	98.3%	16,500,150	17,479,286	105.9%	1,606,547	10.1%
5	Telephone Users Tax/Penalties ²	16,731,000	15,453,280	92.4%	16,100,000	14,543,335	90.3%	(909,946)	-5.9%
6	Parking Citations ³	9,885,790	11,281,860	114.1%	10,750,758	12,850,577	119.5%	1,568,718	13.9%
7	Business License Taxes	9,350,000	9,640,923	103.1%	9,930,000	10,101,826	101.7%	460,903	4.8%
8	Emergency Ambulance Fees	5,546,000	5,065,094	91.3%	8,240,000	8,102,939	98.3%	3,037,845	60.0%
9	Transient Occupancy Tax	7,200,000	7,763,905	107.8%	8,150,000	8,273,736	101.5%	509,831	6.6%
10	Pipe Line Franchises ⁴	7,325,000	7,770,758	106.1%	8,127,000	7,609,608	93.6%	(161,149)	-2.1%
11	Pipeline Fees	5,225,494	5,402,713	103.4%	6,650,053	6,599,061	99.2%	1,196,348	22.1%
12	Gas Users Tax & Penalties	4,618,000	5,117,902	110.8%	5,700,000	5,795,553	101.7%	677,651	13.2%
13	Electric Company Franchises ⁵	5,600,000	5,553,646	99.2%	5,600,000	6,320,914	112.9%	767,268	13.8%
14	American Golf Lease ⁶	4,344,465	3,625,019	83.4%	4,100,000	4,080,807	99.5%	455,789	12.6%
15	Airport - Fire	3,609,142	3,609,142	100.0%	3,974,540	3,974,540	100.0%	365,398	10.1%
	TOTAL	\$ 210,868,429	\$ 216,482,465	102.7%	\$ 230,850,961	\$ 240,368,368	104.1%	\$ 23,885,902	11.0%

Notes:

¹ Payments for VLF are received monthly, while the Property Tax In-Lieu of VLF is received in January and May. Collections well above budget are due to growth in the City's gross assessed property valuation that is used as the methodology to compute the Property Tax In-Lieu of VLF. Motor Vehicle In Lieu Tax collections also performed 29.1 percent above budgeted levels.

² Telephone UUT collections are lower, due to continued price competition in the telephone industry.

³ Collections for Parking Citations are above budget due to fully staffed enforcement positions.

⁴ Southern California Gas Pipeline Franchise fee ended the year below budget by \$517,394. Though natural gas prices were higher, the volume transferred to electric plants during the first two quarters of the year was nearly half that of the same period in FY 05. Franchise payments in later quarters demonstrated a rebound and slight growth.

⁵ Electric Company Franchise fee revenue is higher than budgeted due to electric rate increases during the fiscal year.

⁶ Year-to-date collections are higher compared to last year given Skylinks closure for renovations early in FY 05.

September 2006
Revenue Analysis by Department
General Fund - Fiscal Year 2006
(100% of Year Completed)

Attachment C

Department	FY 06 Adopted Budget	Amendments ¹	Adjusted Budget	Year End Actuals	
Mayor and City Council	\$ 1,250	\$ -	\$ 1,250	\$ 538	43.1%
City Attorney	5,000	-	5,000	\$ 14,339	286.8%
City Auditor	-	-	-	\$ 10,944	0.0%
City Clerk ²	136,214	-	136,214	\$ 1,229,217	902.4%
City Manager	-	-	-	\$ 2,396	0.0%
City Prosecutor	-	-	-	\$ 200	0.0%
Community Development ³	8,030,366	-	8,030,366	\$ 6,543,982	81.5%
Financial Management	16,879,837	-	16,879,837	\$ 17,055,265	101.0%
Citywide Activities ⁴	266,181,434	4,812,339	270,993,773	\$ 266,742,533	98.4%
Fire	14,355,977	-	14,355,977	\$ 15,087,799	105.1%
Health and Human Services ⁵	1,477,306	-	1,477,306	\$ 1,735,051	117.4%
Human Resources	-	-	-	\$ 68	0.0%
Library Services ⁶	1,136,666	(316,000)	820,666	\$ 739,832	90.2%
Parks, Recreation & Marine	8,546,398	(360,000)	8,186,398	\$ 8,391,192	102.5%
Planning & Building ⁷	9,541,929	-	9,541,929	\$ 11,989,839	125.7%
Police ⁸	16,957,356	1,072,744	18,030,100	\$ 21,726,446	120.5%
Public Works ⁸	14,989,072	-	14,989,072	\$ 16,437,679	109.7%
Technology Services	-	-	-	\$ -	0.0%
TOTAL	\$ 358,238,805	\$ 5,209,083	\$ 363,447,888	\$ 367,707,320	101.2%

Notes:

¹ Amendments reflect budget adjustments approved by the City Council during the fiscal year.

² The City Clerk will receive a refund from Long Beach City College and the Long Beach Unified School District for expenses related to the June election.

³ The \$1 million in budgeted revenue for marketing and advertising was not realized in FY 06. The selected marketing firm was recently approved by the City Council. Interest Loan Repayment for a total of of \$455,000 for the development of the Insurance Exchange Building on Broadway will not be realized until FY07.

⁴ Citywide Activities include tax revenues and pass through transactions.

⁵ An accounts receivable of \$157,000 for animal control services in the City of Cerritos was not set-up before year-end, and is therefore not reflected in the totals above.

⁶ Currently a program is funded with an expense and a matching revenue for \$160,000. This program has not been implemented yet, therefore the department is not recognizing the revenue or the matching expense.

⁷ Planning and Building revenue reflects continued strong demand for fee-based building, electrical, zoning, plumbing, and NPDES plan checks.

⁸ Police and Public Works generated an increase in parking citation revenues this fiscal year due to more fully-staffing of enforcement positions.

September 2006
Expenditure Analysis by Department
General Fund - Fiscal Year 2006
(100% of Year Completed)

Attachment D

Department	FY 06 Adopted Budget	Amendments ¹	Adjusted Budget	Year End Actuals	
Mayor and City Council	\$ 4,650,026	\$ 6,687	\$ 4,656,713	\$ 4,445,155	95.5%
City Attorney	3,414,481	13,464	3,427,944	\$ 3,008,780	87.8%
City Auditor	2,465,544	143,353	2,608,897	\$ 2,364,931	90.6%
City Clerk	4,456,157	262,545	4,718,701	\$ 4,522,195	95.8%
City Manager	3,613,173	41,578	3,654,751	\$ 3,635,533	99.5%
City Prosecutor	4,200,865	14,500	4,215,365	\$ 4,207,426	99.8%
Civil Service	2,576,513	269,897	2,846,410	\$ 2,779,628	97.7%
Community Development ²	7,351,678	253,162	7,604,840	\$ 6,920,899	91.0%
Financial Management	8,018,390	195,002	8,213,392	\$ 8,164,031	99.4%
Citywide Activities ³	12,955,514	(2,182,192)	10,773,322	\$ 14,945,800	138.7%
Fire	66,614,993	2,085,379	68,700,372	\$ 67,365,209	98.1%
Health and Human Services	4,862,337	(495,286)	4,367,052	\$ 4,359,967	99.8%
Human Resources	331,475	1,235	332,710	\$ 304,955	91.7%
Library Services	11,481,066	214,548	11,695,614	\$ 10,961,326	93.7%
Parks, Recreation & Marine	25,219,238	2,774	25,222,012	\$ 25,128,082	99.6%
Planning & Building	11,349,350	1,188,928	12,538,278	\$ 12,526,363	99.9%
Police ⁴	160,529,113	3,124,219	163,653,332	\$ 164,314,981	100.4%
Public Works	27,996,490	1,693,564	29,690,054	\$ 28,648,045	96.5%
Technology Services	-	11	11	\$ -	0.0%
TOTAL	\$ 362,086,405	\$ 6,833,367	\$ 368,919,772	\$ 368,603,306	99.9%

Notes:

¹ Amendments reflect budget adjustments approved by the City Council during the fiscal year and prior-year

² In FY 06 the Department experienced a high rate of staff turnover. There are currently 8 vacancies at the end of the FY 06 that are going to be filled by the first half of the FY 07 fiscal year. There are also several contracts that have not yet commenced due to negotiations.

³ Citywide Activities include debt service payments, as well as interdepartmental transfers made at the beginning of the fiscal year, including transfers to the Capital Improvement Fund for sidewalk repairs and Parks and Recreation capital projects. Adjusted Budget reflects anticipated savings from employee healthcare benefit optimization,

⁴ Police Department exceeded budget primarily due to increased overtime. Starting in August with a surge of crime and at the direction of the City Manager reacting to Councilmembers concerns, several Task Force operations were run in North Long Beach. Task Forces rely heavily on overtime for staffing. The Department was underbudget

September 2006
Year to Date Expenditure Analysis by Department
General Fund - FY 06 Compared to FY 05
(100% of Year Completed)

Attachment E

Department	FY 05 Adjusted Budget	FY 05 YTD Actuals	% Spent FY 05	FY 06 Adjusted Budget	FY 06 YTD Actuals	% Spent FY 06	\$ Variance FY 06 to FY 05	% Spent FY 06 vs FY 05
Mayor and City Council	\$ 4,357,548	\$ 4,293,999	98.5%	\$ 4,656,713	\$ 4,445,155	95.5%	\$ 151,156	3.5%
City Attorney	3,358,002	2,860,656	85.2%	3,427,944	3,008,780	87.8%	148,124	5.2%
City Auditor	2,378,994	2,292,764	96.4%	2,608,897	2,364,931	90.6%	72,168	3.1%
City Clerk ¹	2,678,480	2,233,358	83.4%	4,718,701	4,522,195	95.8%	2,288,836	102.5%
City Manager	3,865,886	3,654,745	94.5%	3,654,751	3,635,533	99.5%	(19,212)	-0.5%
City Prosecutor	4,093,645	3,980,770	97.2%	4,215,365	4,207,426	99.8%	226,655	5.7%
Civil Service	2,546,967	2,444,452	96.0%	2,846,410	2,779,628	97.7%	335,176	13.7%
Community Development ²	5,909,887	4,574,373	77.4%	7,604,840	6,920,899	91.0%	2,346,527	51.3%
Financial Management ³	15,867,285	14,952,926	94.2%	8,213,392	8,164,031	99.4%	(6,788,896)	-45.4%
Citywide Activities ⁴	15,141,840	19,424,127	128.3%	10,773,322	14,945,800	138.7%	(4,478,327)	-23.1%
Fire ⁵	72,553,230	72,174,124	99.5%	68,700,372	67,365,209	98.1%	(4,808,915)	-6.7%
Health and Human Services	4,762,725	4,761,929	100.0%	4,367,052	4,359,967	99.8%	(401,962)	-8.4%
Human Resources	315,936	259,646	82.2%	332,710	304,955	91.7%	45,309	17.5%
Library Services	12,296,752	11,256,421	91.5%	11,695,614	10,961,326	93.7%	(295,095)	-2.6%
Parks, Recreation and Marine	25,861,295	25,265,610	97.7%	25,222,012	25,128,082	99.6%	(137,528)	-0.5%
Planning & Building ⁶	10,676,941	9,786,056	91.7%	12,538,278	12,526,363	99.9%	2,740,306	28.0%
Police	163,381,989	163,219,405	99.9%	163,653,332	164,314,981	100.4%	1,095,576	0.7%
Public Works ⁷	34,481,931	32,795,577	95.1%	29,690,054	28,648,045	96.5%	(4,147,532)	-12.6%
Technology Services	881,814	1,078,171	122.3%	11	-	n/a	(1,078,171)	-100.0%
TOTAL	\$ 385,411,145	\$ 381,309,110	98.9%	\$ 368,919,772	\$ 368,603,306	99.9%	\$ (12,705,804)	-3.3%

Notes:

¹ The City Clerk conducted both a general and run-off election in FY 06. No elections were conducted in FY 05.

² The increase in budget for this fiscal year is due to Community Development taking responsibility for the Parking Operations from Technology Services.

³ The decrease in FY 06 reflects the transfer of the utility call center budget from the General Fund to the Gas Fund.

⁴ Citywide Activities include debt service payments, as well as interdepartmental transfers made at the beginning of the fiscal year, including transfers to the Capital Improvement Fund for sidewalk repairs and Parks and Recreation capital projects. Adjusted Budget reflects anticipated savings from employee healthcare benefit optimization.

⁵ The decrease in FY 06 reflects the transfer of Tidelands-related budgets, and their corresponding revenues, from the General Fund to the Tidelands Fund.

⁶ The budget increase from FY 05 to FY 06 is due to the increase in FTEs. In FY 06, they received an enhancement of an additional 10.6 FTEs. The increase in the budget was due to the reconfiguration and upgrade of the space the Department occupies on the 4th, 5th, and 7th floor. The goal of the renovation was to improve services to customers at the Development Services Counter, providing optimal work space for Planning and Building, Fire, Health, Business License and Public Works staff.

⁷ Reduction in FY 06 reflects removal of Gas Tax pass-through from General Fund, and directly depositing it in the Gas Tax Fund.

**September 2006
Expenditure Analysis by Fund
Fiscal Year 2006
(100% of Year Completed)**

Attachment F

Fund	FY 06 New Allocation	Estimated All-Years Carryover ¹	FY 06 Adopted Appropriation	Amendments ²	Adjusted Budget	Year End Actuals
Funds Without All Years Carryover						
General	\$ 362,086,405	-	\$ 362,086,405	\$ 6,833,367	\$ 368,919,772	\$ 368,603,306 99.9%
Belmont Shore Parking Meter	594,072	-	594,072	-	594,072	\$ 399,506 67.2%
Business Assistance	1,876,438	-	1,876,438	44,965	1,921,403	\$ 1,753,313 91.3%
Certified Unified Program Agency (CUPA)	963,190	-	963,190	1,236	964,426	\$ 964,426 100.0%
Employee Benefits	192,796,026	-	192,796,026	59,469	192,855,495	\$ 182,283,897 94.5%
Park Development	1,052,180	-	1,052,180	-	1,055,866	\$ 1,055,866 100.0%
Parking & Business Area Improvement	2,788,500	-	2,788,500	3,500,000	6,288,500	\$ 5,370,773 85.4%
SERRF	48,217,813	-	48,217,813	14,117	48,231,930	\$ 44,436,083 92.1%
SERRF JPA	12,130,340	-	12,130,340	-	12,130,340	\$ 11,629,078 95.9%
Special Advertising & Promotion	5,477,286	-	5,477,286	1,245,837	6,723,123	\$ 5,335,513 79.4%
Tideland Oil Revenue	113,063,021	-	113,063,021	170,119,203	283,182,223	\$ 275,623,829 97.3%
Tidelands-Reserve for Subsidence	4,000,000	-	4,000,000	60,548	4,060,548	\$ 4,060,548 100.0%
Towing	8,821,526	-	8,821,526	1,504,543	10,326,069	\$ 8,650,018 83.8%
Upland Oil	15,975,016	-	15,975,016	6,876,933	22,851,949	\$ 21,102,879 92.3%
SUBTOTAL	\$ 769,841,811	-	\$ 769,841,811	\$ 190,260,218	\$ 960,105,715	\$ 931,269,036 97.0%
Funds with All Years Carryover						
Airport	\$ 24,076,324	\$ 14,536,652	\$ 38,612,976	\$ 29,556,391	\$ 68,169,366	\$ 35,430,767 52.0%
Capital Projects ³	11,317,059	57,798,840	69,115,899	12,369,895	77,171,127	\$ 37,252,800 48.3%
Civic Center ³	4,420,771	11,734,572	16,155,343	296,357	16,451,699	\$ 3,477,444 21.1%
Community Development Grants ³	27,363,026	34,371,790	61,734,816	2,240,701	63,975,517	\$ 26,127,511 40.8%
Fleet Services	29,737,511	1,609,460	31,346,971	2,426,989	33,773,960	\$ 32,550,171 96.4%
Gas	136,918,857	1,566,418	138,485,275	7,735,232	146,220,507	\$ 125,325,367 85.7%
Gasoline Tax Street Improvement ³	11,999,973	15,814,282	27,814,255	306,971	28,121,226	\$ 12,842,471 45.7%
General Grants	8,457,352	13,777,275	22,234,627	4,014,398	26,249,025	\$ 23,189,098 88.3%
General Services	33,393,360	371,655	33,765,015	127,232	33,892,246	\$ 32,260,381 95.2%
Harbor	411,146,914	-	411,146,914	-	411,146,914	\$ 410,571,445 99.9%
Health ³	37,883,558	27,011,419	64,894,977	12,794,224	77,689,201	\$ 38,626,529 49.7%
Housing Authority	66,941,870	664,651	67,606,521	244,069	67,850,590	\$ 59,753,888 88.1%
Housing Development	52,954,412	9,361,792	62,316,204	176,259	62,492,463	\$ 16,746,393 26.8%
Insurance	36,327,122	-	36,327,122	21,005,096	57,332,218	\$ 56,091,452 97.8%
Parking Authority	506,193	-	506,193	-	506,193	\$ 414,920 82.0%
Redevelopment	165,370,449	12,750,757	178,121,206	37,029,076	215,150,282	\$ 167,223,561 77.7%
Refuse/Recycling	36,710,029	(26,150)	36,683,879	53,437	36,737,316	\$ 33,062,685 90.0%
Sewer ⁴	10,922,056	-	10,922,056	-	10,922,056	\$ 13,371,250 122.4%
Tidelands Operating	100,348,886	23,362,331	123,711,217	24,146,160	147,857,377	\$ 130,889,474 88.5%
Transportation	14,810,348	20,736,300	35,546,648	-	35,546,648	\$ 19,533,006 55.0%
Water ⁴	77,662,476	-	77,662,476	-	77,662,476	\$ 78,371,770 100.9%
SUBTOTAL	\$ 1,299,268,544	\$ 245,442,044	\$ 1,544,710,588	\$ 154,522,486	\$ 1,694,918,408	\$ 1,353,112,384 79.8%
TOTAL - All Funds	\$ 2,069,110,356	\$ 245,442,044	\$ 2,314,552,400	\$ 344,782,704	\$ 2,655,024,123	\$ 2,284,381,420 86.0%

Notes:

¹ All-Years Carryover is composed of multi-year grants and Capital Improvement Program (CIP) funds; unspent amounts are carried over to future

² Amendments reflect budget adjustments approved by the City Council during the fiscal year including All-Years Carryover Budget Adjustments.

³ All-years funds will not be expended this fiscal year due to multi-year projects and grants.

⁴ This fund does not budget all-years carryover, therefore it appears FY 06 year-end actuals exceed City Council-approved spending limits. In reality, both funds have sufficient all-years appropriation to cover FY 06 expenditures.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

City Manager
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of Council agenda items provided	210	166	199	227	802	740	108%
Number of information items provided to the Mayor and City Council	117	110	114	102	443	420	105%
Number of press releases issued	60	48	95	83	286	260	110%
Number of media alerts prepared	108	69	72	100	349	385	91%

Results Narrative

Council Agenda Items Provided: The City Council Support Program in the City Manager's Office provided over 800 City Council agenda items in FY 06, just over 8 percent more volume than originally projected for the year. This increase can be attributed to a number of factors. In particular, the number of agenda items provided for in the third quarter was higher due to the City Council addressing issues before the 2006 elections and a change in the legislative body. The fourth quarter workload was even higher as new City Council members continued to bring items forward such as exploring ways to expand the existing Green Building Program to include private development. Providing high quality support to City Council agenda items is an essential part of City Council meetings and of responding to the issues and concerns that are important to the community.

Information Items Provided to the Mayor and City Council: Information items provided to the Mayor and City Council through the City Council Support Program rose to over 440 individual items in FY 06, exceeding the original target of 420 by nearly 5 percent. At the same time, the final quarter of the fiscal year experienced a decrease in the number of information items provided to the Mayor and Council from 114 to 102. Information items include memos, status reports, responses to questions and off-agenda items among others. It should be mentioned that during the month of August there were 42 information items, representing one of the highest months in the fiscal year. Informational items provided during the month of August included correspondence relating to the FY 07 Proposed Budget. Providing information items is a core service of the City Management Team, maintaining a high level of transparency, and offering decision makers and the community the information that they need to make decisions and set priorities for our City.

Press Releases Issued: While the number of press releases issued by the City Communication Program decreased in the fourth quarter, the total number of press releases for the year exceeded its target by 10 percent. Efforts of the City Communication Program staff resulted in first-time achievements in print and television coverage of the Long Beach Sea Festival, a three-month series of athletic and family events designed to showcase Long Beach and attract both residents and visitors. The effective issuance of press releases is important to the City, not only providing exposure for Long Beach's recreational amenities available to the community and visitors alike, but also increasing the transparency of City business and activities for the community.

Media Alerts: The City Communication Program achieved 91 percent of the target for media alerts in FY 06, representing a total of 349 for the year. The number of media alerts increased to 100 in the fourth quarter, but overall fell short of the annual target of 385 for the year. The demand for media alerts is driven largely by the activities and needs of departments. In addition to media alerts about individual events, staff handles communications for larger projects such as the Budget Summit, the securing of a section of the Cerritos Wetlands, the closure of Pine Avenue for a gas line replacement, and Reverse 9-1-1. It is anticipated that the number of media alerts will continue to increase in the coming year as more information is available to residents and businesses. Media alerts are important to residents and visitors, providing information about activities and enhancing City efforts to improve responsiveness, transparency and accountability.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Community Development
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of businesses receiving services	820	493	664	593	2,570	2,628	98%
Number of parcel acquisitions completed	22	23	10	17	72	80	90%
Number of adults receiving employment services	5,111	5,667	5,977	6,037	22,792	15,500	147%
Number of youth ages 14-24 receiving services	598	751	3,622	927	5,898	5,300	111%

Results Narrative

Businesses Receiving Services: The Business Services Program provided assistance to 2,570 businesses in the City of Long Beach, nearly meeting its proposed annual target of 2,628 for FY 06. Support for small businesses is a priority in Long Beach including assistance with project development, marketing, technical assistance, access to capital, incentives and business improvement districts. At the same time, the Program struggled to meet the increasing demand for Business Services. Over 3,000 businesses requested assistance in FY 06. Business services and assistance are critical to retaining businesses in the City. Financing, business workshop attendance, site assistance and incentives allow Long Beach businesses the opportunity to provide employment opportunities, products and services to a varied customer base throughout the fiscal year, a priority of the City Council.

Parcel Acquisitions Completed: In the effort to clean up blight, increase affordable housing, and expand open space for public use, the City acquires and assembles parcels of land to create tracts that are more attractive to private developers. These acquisitions support development and housing projects carried out by the Department. In FY 06, 72 parcel acquisitions were completed in the City of Long Beach through the Acquisition and Leasing Program, approximately 90 percent of the proposed target. This may be a result of fluctuations in development demand. This quarter includes acquisitions for the Downtown Project Area, North Project Area and former Right of Way (ROW) for development and open space. Parcel acquisition is vital to the City's ongoing effort to revitalize targeted areas and improve the overall quality of life of our residents, a priority of the community and the City Council.

Adults Receiving Employment Services: In FY 06, the Career Development Services Program provided employment services to 22,792 adults, exceeding the proposed target of 15,500 by 47 percent. The Program's performance is based upon distinct monthly cases in which an individual may be receiving several sources of assistance. Targets are estimated based upon overall service levels during 2004. The Workforce Development Bureau's targeted industry initiatives (Construction Jobs Initiative, Health Care Collaborative, and Transportation/Logistics) have created additional demand for service. Fourth Quarter service level decreases are due to fewer working days (19) in September and technical network connection issues impacting the public's access to the Internet during the month. Fluctuations in service levels can also be attributed to changes in unemployment rates, mass layoffs and targeted recruitments. This is important to the City of Long Beach because preparing the adults of our community for success is a City Council priority and a worthwhile investment in our collective future. In the future, the Program's success will be measured by the percentage of those receiving assistance becoming productive members of the workforce.

Youth Ages 14-24 Receiving Services: The Youth Development Program delivered services to 5,898 youth ages 14-24 in FY 06, exceeding the annual target of 5,300 by more than 11 percent. This is a significant accomplishment as nearly 6,000 at risk youth were given access to a variety of resources through this Program in areas critical to a successful future for our City. The results of the Youth Services measure represent a total count of each instance in which a youth accesses Community Development Youth Services. Reporting includes youth visiting the Youth Opportunity Center's Resource Center, enrolling in the Workforce Investment Act (WIA) Youth Development Program and participation in the Fall, Spring and Summer Youth Inspired Internship Programs. Fluctuations in service levels can be attributed to program service schedules, school schedules and seasonal changes. Preparing our City's youth to succeed is a high priority of the community and the City Council, and an essential component of building a better Long Beach.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Financial Management
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Total number of utility customer inquiry responses completed	127,960	139,586	129,258	155,552	552,356	479,000	115%
Number of parking citations processed	100,183	99,381	103,235	104,486	407,285	375,000	109%
Number of new/renewed business licenses and entertainment/other permits	13,597	10,211	18,572	11,085	53,465	48,000	111%
Number of vendor payments made	23,506	25,102	26,135	28,241	102,984	98,400	105%

Results Narrative

Utility Customer Inquiry Responses: The Utility Customer Services Program serves the needs of 177,000 utility customers in the City with water, sewer, refuse billing, and gas-related services. In the fourth quarter, the total number of responses increased by nearly 17 percent bringing the total number of customer responses to 552,356 for the year, nearly 15 percent more than expected. All together, these successes have resulted in almost 90,000 more successful customer contacts than accomplished in FY 05. The number of responses completed reflects the demand for account inquiries and service changes which are impacted by a variety of circumstances. Customer services are provided over the phone, in-person (City Hall lobby), and customer self-service (by phone and Internet). The City's efforts to provide effective and responsive customer self-service options have been far more successful than in the past as customers in ever-increasing numbers are using automated services to meet their needs. In addition, expanded hours of operation of the Call Center from 4:30 pm to 6:00 pm has created an opportunity for customers to call and request utility services after coming home from work. The Utility Customer Service Program is the primary contact with the City for many of our community members, making customer service and convenience a high priority for the City.

Parking Citations Processed: The General Billing and Collections Program processed 407,285 parking citations in FY 06, exceeding the projected target by over 9 percent. For FY 06 it was estimated that 375,000 parking citations would be issued and processed, about the same as FY 05. In fact, parking citation processing is slightly up from the forecast for the year attributed mostly to full staffing of enforcement personnel, generating \$13 million in revenue for the General Fund. Parking citations are issued by Long Beach Police, Fire, Harbor, Public Works (Street Sweeping and Airport), Parks, Recreation & Marine, Community Development (Code Enforcement); Long Beach City College; California Highway Patrol; and Los Angeles County Sheriff. Processing parking citations efficiently helps to minimize cost, increase revenues and contribute to the enforcement of public safety codes of the City.

Business Licenses and Permits Issued: For FY 06, the Business Licensing & Permits Program processed 53,410 permits, exceeding the projected target by 11 percent (it was estimated that 48,000 licenses and permits would be issued, which was about the same as the previous year), reflecting growth in economic activity in Long Beach. Peaks in business license activity follow regular deadlines: commercial property licenses due in October; vehicle for hire licenses due in January; apartment house licenses renewed in June, and garage sale permits increasing throughout the warmer months. City business license and permit revenue for FY 06 was \$10.6 million. Staff issued 41,591 business licenses and business permits, 5,285 alarm permits, 5,075 garage sale permits, and 1,459 booth permits for vendors at special events. A high quality Business Licensing & Permits Program establishes the standards for doing business in the City and insures that Long Beach businesses and residents receive timely, uninterrupted approval to do business in the City.

Vendor Payments Made: The Accounting Program provides centralized payment and processing of all vendor payments citywide for 18 distinct City departments (excluding Gas and Oil, Water and Harbor Departments) to ensure timely and accurate transactions. Nearly 103,000 payments were made in FY 06, exceeding the projected target by 5 percent. The results for FY 06 exceeded expectations due to a modest improvement in the timeliness of payments to vendors. It is important to note that the Program has been able to achieve its targets despite staffing reductions that have made timely payment processing more challenging. A total of six staff are responsible for processing approximately 8,500 payments each month. In addition, greater utilization of the City's Purchasing Card (PCard) has consolidated 400 individual payments citywide (totaling over \$100,000 per month) into one consolidated payment creating further operational efficiencies. Processing timely vendor payments helps to minimize service disruptions and eliminates late fees, saving money for the City.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Fire
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Percentage of structure fires confined to the room of origin	76%	75%	80%	83%	78%	100%	78%
Percentage of on scene arrival of first appropriate unit for all emergency calls within 6 minutes or less (from call initiation to arrival on scene)	72%	74%	75%	74%	74%	90%	82%
Percentage of on scene arrival of BLS ambulance within 10 minutes or less (from dispatch to arrival)	74%	75%	78%	75%	76%	90%	84%
Percentage of emergency calls processed by Communications (answered to dispatch) within 60 seconds	67%	69%	68%	69%	68%	100%	68%

Results Narrative

Structure Fires Confined to the Room of Origin: The percentage of fires confined to the room of origin continued to increase in the fourth quarter, bringing the total to 78 percent for FY 06. While this is still below the ideal target of 100 percent containment, there has been a significant gain. The measure of the percentage of structure fires confined to the room of origin indicates the timeliness and effectiveness of the responders. This is an important performance measure to the community because the ultimate outcome of timely emergency fire services is the limit of damage to persons and property by fire.

Emergency Response Time: The measure of the on-scene arrival of the first appropriate unit for all emergency calls within 6 minutes or less is a direct measure of the response capability of First Responders. In the fourth quarter of FY 06, the Emergency Response Operations Program was able to respond to emergencies within 6 minutes or less, 74 percent of the time. While this response time remains below the target of 90 percent of calls, there are many factors that must be considered when assessing performance. For instance, a lower percentage for this measure may indicate that responders are traveling further distances or passing through congested areas to arrive at the scene. The measure is also directly correlated with the number of available units; the more units that are available to respond, the higher the percentage of units arriving within 6 minutes or less. Lowering the response time is an important priority of the Fire Department.

Basic Life Support (BLS) Response Time: Basic Life Support (BLS) ambulance services are for non-life threatening medical services and therefore, have a less aggressive response time goal. BLS units arrived to the scene within 10 minutes (from dispatch to arrival) 76 percent of the time in FY 06. There are a number of factors that affect BLS response times. For instance, the dispatch of multiple responders (due to the occurrence of simultaneous emergencies occurring in the City), may lower the percentage for rapid on-scene arrival. Circumstances occur where the closest responders are already on a scene so a secondary unit from another station will be dispatched to the emergency. The on-scene arrival time of Basic Life Support (BLS) units can also be affected by an increased workload. Ultimately, rapid BLS response is essential to transporting those in need of immediate care to the proper facilities.

Emergency Dispatch Response Time: All 9-1-1 calls are initially answered by Police Department dispatchers, and then forwarded to Fire Department dispatchers as appropriate. This measure tracks performance from the first response by the PD to the service dispatch by FD dispatchers. The fourth quarter of FY 06, the Communications Program was able to process emergency calls (answered to dispatch) within 60 seconds, 69 percent of the time. While this is below the ideal target of 100 percent, the Communications Program staff is committed to dispatching all calls as quickly as possible after triaging the call appropriately. For many members of the community (residents, visitors and businesses) making an emergency or 9-1-1 call for assistance is the first point of contact with the Fire Department. Should the volume of total emergency calls (including Police calls) increase, it may negatively affect (lower) the percentage of fire/EMS/BLS calls processed within 60 seconds.

Each of these measures demonstrates the ability of the Department to respond to the community utilizing the current available resources. Population increases will result in a greater demand for services from the Fire Department as well as create a more congested (traffic) environment through which responders must travel. An increase in response times can negatively affect the ability to contain fires to room of origin and limit the destruction impacts of fires. The members of the Long Beach Fire Department, through continued operational efficiencies are committed to providing appropriate, high-quality service to the public in a timely manner.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Health & Human Services
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of animals impounded	2,450	2,144	3,847	4,164	12,605	12,500	101%
Number of routine inspections completed	605	762	780	541	2,688	3,400	79%
Number of immunizations given	5,957	2,531	2,877	3,393	14,758	16,000	92%
Number of homeless participant contacts completed at the MSC	7,466	8,440	6,777	6,621	29,304	25,000	117%

Results Narrative

Animals Impounded: The Animal Shelter Operations Program provides shelter to rescued and impounded animals at the Companion Animal Village. Actual performance for FY 06 was as expected, exceeding projected activity by 1 percent. There are a number of reasons for fluctuations in activity. In the fourth quarter for instance, Animal Shelter Operations expected to rescue and impound 3,123 animals but impounded 4,164 (an increase of 1,041 impounded animals or 33 percent over the projected target) because of the unexpected catastrophic events at the Noah's Ark facility. During that time, there was also a 156 percent increase in the cost for operations, from \$24,000 to \$61,500 for continued care of the rescued animals, ensuring the community that the animals were receiving humane treatment. Continued efforts to provide timely service response to the public related to animals that are abused, neglected, and or in need of rescue is a key element of public health and safety.

Routine Inspections Completed: The Food & Housing Enforcement Program provides food facility inspections by professional environmental health staff. Inspections were down in 21 percent in FY 06. In the final quarter of the year, the Program expected to provide 849 food facility inspections. Due to decreased availability of staff during the months of July and August, only 541 inspections were made, a decrease of 36 percent. The Program was fully staffed in September and was able to continue to provide the expected level of inspections to ensure community's health and safety. Continued efforts to provide inspection of food facilities is being undertaken to protect the health and well being of City residents and visitors, and insuring compliance with local and state laws and regulations.

Immunizations Given: The Health Promotion/Preventative Health Program provides immunizations to those who come to the Department of Health and Human Services and off-site flu clinics. Overall, 14,758 immunizations were given in FY 06, approximately 8 percent below the projected target. The Program expected to provide 3,999 immunizations in the fourth quarter but only 3,393 were given. The number of immunizations given varies from month to month due to seasonal efforts, such as annual flu vaccine campaigns and annual back-to-school registration. Numbers were lower by 606, or 15 percent, in the fourth quarter because more combination vaccines (vaccines that protect against multiple diseases in one shot) are now available, more school sites offer immunizations and more children are enrolled in health insurance programs that link them with a medical care provider and cover immunizations. Continued efforts to provide health promotion, disease prevention, and clinical services to women, children, youth, families, seniors, and all other community residents is being undertaken as a key element of community health and safety.

Homeless Participant Contacts Completed at the Multi Service Center (MSC): The Homeless Services Program provides case management, counseling, support services and housing referrals to homeless participants that come to the MSC. The Program made over 29,304 contacts in FY 06, exceeding the projected target by 17 percent. During the fourth quarter, the Program expected to complete 6,249 homeless contacts but served approximately 6,620 homeless participants, an increase of 6 percent or 372 participants. Continued efforts to decrease homelessness by providing community-based outreach and housing to homeless individuals/families is being undertaken so they can lead improved and productive lives, benefiting the overall community.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Human Resources
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of employees receiving safety training	2,563	2,088	2,529	2,606	9,786	12,000	82%
Number of safety consultations conducted	326	423	290	304	1,343	1,200	112%
Number of personnel operations consultations provided	6,856	7,363	8,035	9,064	31,318	16,800	186%
Number of active employees and retirees served with benefits information	9,500	8,926	8,251	9,059	35,736	20,000	179%

Results Narrative

Employees Receiving Safety Training: City of Long Beach employees received nearly 10,000 trainings through the City's Occupational Safety Program this year. While performance was 18 percent short of the initial estimated annual target, this is a significant accomplishment for the City. Through the additional training of these employees, the Safety Officer was able to accomplish an overall compliance rate of 83.8 percent Citywide. Actual targets for training vary each year according to how many employees are in need of training and the number of training classes needed. Employee safety is an important component of decreasing the overall occupational injury and illness rate, ensuring the health of employees who deliver core services to the community, and therefore lowering costs and increasing the effectiveness of the services delivered by the City's employees.

Safety Consultations Conducted: Over 1,340 safety consultations were completed in FY 06, exceeding the annual target of 1,200 by more than 12 percent. Consultations cover all safety-related inquiries from departments including City policies and procedures, OSHA requirements, workplace hazards and mitigation efforts. The success can be attributed to departments being aware to contact or notify the City Safety Office regarding issues. Throughout the year, safety consultations fluctuated as a result of policies or programs being implemented. Safety consultations contribute to the overall safety and wellbeing of employees. This is important to the community because a healthy workforce can more effectively deliver core services.

Personnel Operations Consultations: The Personnel Operations Program provided 31,318 personnel operations consultations in FY 06, which exceeded the annual target of 16,800 by 86 percent. It is important to note that this was the first time that personnel operations consultations were tracked; the Department underestimated the original target for this measure. Personnel operations consultations provide internal support to employees including Equal Employment Opportunity Complaints, Americans with Disabilities Accommodation Assessments, Essential Function Job Analysis, and disciplinary issues. This Program is important to the community because it focuses on retention and career development of the City's workforce, who in turn delivers important services to the community.

Employees and Retirees Served With Benefits Information: The Employee Services and Benefits Program served 6,230 active and retired employees with 35,736 health benefits information responses, exceeding the proposed FY 06 target by 79 percent. This is attributed to a higher demand for in-house customer service assistance due to plan design changes, Medicare Part D implementation, and changes in open enrollment, life insurance and Flexible Spending Account benefits. Additional staff was placed temporarily in the Employee Benefits and Services Division to assist with the added workload. In addition, communication materials to employees and retirees were enhanced to assist them with better understanding their rights and options. Providing excellent employee and retiree benefits services is an important part of ensuring that the City continues to maintain the most competitive and effective benefits program, enhancing employee retention and therefore ensuring a more effective delivery of service to the community.



Focus On Results Quarterly Results Narrative

Department: **Library Services**
 Quarter: **Fourth Quarter, FY 06**
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of library resources used	701,086	718,705	747,309	712,386	2,879,486	2,878,488	100%
Number of library materials checked out/used on site	437,063	449,754	426,109	423,251	1,736,177	1,386,996	125%
Number of youth served through literacy development programs	18,315	18,750	29,732	28,702	95,499	105,000	91%
Number of students provided homework assistance through Family Learning Centers	7,037	7,547	4,856	5,249	24,689	28,992	85%

Results Narrative

Library Resources Used: Through the Library Resources Program, Library patrons have the opportunity to use various resources such as books, media, Internet, computers and much more. The number of library resources used by library customers through the fourth quarter of FY 06 exceeded 2.8 million, just over 100 percent of the projected target. Usage of library materials remained on target even when hours of operation at libraries were significantly reduced for the fiscal year. Due to budget reductions in FY 06, library hours of operation were reduced in October 2005 at the Main Library from 50 hours/6 days per week to 38 hours/5 days per week, and the North Neighborhood Library was reduced from 42 hours/6 days per week to 35 hours/5 days per week. Although access was more limited in FY 06, demand for materials to meet informational, educational and recreational needs remained strong. Once library hours are fully restored, targets will be adjusted and performance should increase accordingly.

Library Materials Used Checked Out / Used On Site: Through the Library Resources Program, Library patrons have the opportunity to use library materials while visiting the library or to take home for later use. This includes the Library's "physical" resources such as books and media (e.g. DVD's, CD's and books on tape). The number of library materials checked out or used on site by library customers through the fourth quarter of FY 06 exceeded 1.7 million, accounting for a 25 percent increase over the projected target. This can be attributed in part to the richness and relevance of materials offered by the City's libraries. Despite budget reductions in FY 06, there is still a growing demand for library resources to meet the community's informational, educational and recreational needs.

Youth Served Through Literacy Programs: The Youth Literacy Development Program provides various youth literacy services including preschool reading programs, school class visits, summer reading club, after-school reading clubs and teen programs. The number of youth served reached more than 95,000 through fourth quarter, 91 percent of the projected target. The increase in the third and fourth quarter is due to two seasonal activities: librarian outreach to schools to promote the Summer Reading Program and youth participation in the Summer Reading Program. However, the overall target was not reached due to staffing vacancies that support youth programs. Continued efforts to provide quality youth programs are a high priority so children can experience a positive impact in school readiness and increase school achievement.

Students Provided Homework Assistance: Through the Youth Literacy Development Program, students receive homework assistance and one-on-one tutoring at the Family Learning Centers (FLC) located at the Main Library and all neighborhood libraries. Each FLC has specialized computers with Internet access so students may work on class projects. The number of students receiving homework assistance through the Youth Literacy Development Program exceeded 24,000 students, but only 85 percent of target. Decreased funding in general has resulted in a reduction of open hours, lowering capacity to provide our youth with homework assistance at Family Learning Centers. This reduction impacted students' ability to complete homework assignments, and compromised students' achievement and parents' ability to support their children's school success.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Long Beach Gas & Oil
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Annual revenue from energy sales from SERRF	\$6,165,060	\$6,001,383	\$6,073,476	\$8,384,105	\$26,624,024	\$24,190,000	110%
Average residential monthly gas bill	\$66.03	\$68.86	\$35.04	\$31.09	\$50.26	\$50.28	100%
Percentage of gas and water service call requests responded to within three business days	56%	58%	25%	72%	53%	100%	53%
Number of barrels of oil produced from Wilmington Oil Field	3,699,703	3,601,958	3,566,674	3,594,631	14,462,966	13,440,043	108%

Results Narrative

Annual Revenues from SERRF: The Southeast Resource Recovery Facility (SERRF) is a mass-burn waste to energy facility in the City's Waste to Energy Program that incinerates residential and commercial refuse and converts this waste into electricity. Of the electricity generated, 15 percent is used to power the SERRF facility while 85 percent of the electricity is sold to Southern California Edison. In FY 06, SERRF earned \$26.6 million in revenue for electricity generated, or \$2.4 million over the annual target. The additional energy generation was realized due to various facility improvements, which increased efficiency and resulted in record levels of electricity generation for SERRF in FY 06. The Waste to Energy Program provides an environmentally friendly and cost-effective disposal service to the citizens of Long Beach.

Average Residential Gas Bill: A key goal of the Long Beach Gas & Oil Department (LBGO) is to ensure that Long Beach customers' bills are comparable to surrounding gas utilities. Through the efforts of the Natural Gas Purchase and Sales Program in FY 06, the average LBGO residential customer gas bill was \$50.26 per month, making the average LBGO residential bill \$0.02 less than the average Southern California Gas residential bill. Approximately six months of FY 06 gas purchases were made under a new gas purchase agreement, which provides both price stability and price protection for LBGO's customers.

Gas and Water Service Call Response: For the months of August and September 2006, the Gas and Water Service Response Program was successful in responding to 100 percent of customer requests for service within 3 days. While this is an important accomplishment, it resulted from a new performance measure that was implemented 10 months into the fiscal year to address staffing shortages at peak call times and to better manage the expectations of customers. The original performance measure tracked gas and water service requests that were completed within 1 business day. In August, the target measure was revised to a 3-day response time, which is more realistic and representative of industry average. This measure is important to ensure that LBGO customers continue to receive a safe, reliable supply of gas as well as excellent response times.

Oil Production: In FY 06, the Production and Subsidence Management Program was responsible for the production of 14.5 million barrels of oil from areas of the Wilmington Oil Field. This is 1 million barrels, or 8 percent, greater than the target. The increased production can be attributed to increased investment in production efforts, which results in greater oil profits for stakeholders, including the State of California, the City and Port of Long Beach, as well as various private entities.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Parks, Recreation & Marine
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of class enrollments provided	5,580	9,018	8,598	7,783	30,979	32,520	95%
Number of participants in department-provided sports programs	36,183	51,347	62,920	56,830	207,280	170,756	121%
Number of Nature Center visits provided	30,524	30,185	40,448	36,611	137,768	125,000	110%
Number of golf rounds completed	104,184	104,530	127,543	129,208	465,465	446,932	104%

Results Narrative

Class Enrollments Provided: In FY 06, the Recreation Classes Program delivered over 2,000 fee-based recreation and enrichment classes. Class enrollments for the fourth quarter of FY 06 exceeded the quarterly target by 4 percent, but total enrollment fell short of the FY 06 target by 5 percent (targets are based on actuals from the prior year). The specific reasons for the decline in enrollment are not known, however, staff suspects that "class fatigue" with recurring classes and instructors is one possibility. Further investigation is underway. Recreation classes are excellent opportunities for individuals and families to develop new skills, improve personal health and explore new interests. Thus, it is essential that they reflect the diverse needs and interests of the community.

Department-Provided Sports Participants: The Sports Program provides recreational team sports opportunities for youth and adults across the City. These opportunities include department-provided leagues, such as basketball and softball, as well as fields and facilities for community-based sports leagues such as Little League and AYSO. Monthly and quarterly totals reflect the number of "participant days" or number of days individuals participated in sports programs. Fourth quarter totals for FY 06 exceeded the quarterly target by 38 percent, and the YTD total exceeded the target by 21 percent (targets are based on actuals from the prior year). The increase is attributed to high levels of program popularity and improved record keeping. Recreational sports are important to the community as they promote physical fitness and skill development, provide positive outlets for aggression and competition, and offer opportunities for social interaction, inclusiveness and teamwork.

Nature Center Visits Provided: The Environmental Stewardship Program provides a wide variety of nature-oriented leisure opportunities for individuals, families and groups. These opportunities include classes, habitat restoration activities, self-directed nature walks, interpretational nature tours and special events. The anchor of the Environmental Stewardship Program is the El Dorado Nature Center. Nature Center visits for the fourth quarter of FY 06 were just under its quarterly target by four 4 percent, but the YTD total exceeded the annual target by 10 percent (targets are based on actuals from the prior year). The overall increase is attributed to increased participation in special events, good weather, and improved record keeping. Environmental leisure and stewardship opportunities are important for community members to enjoy, understand, respect and care for the natural world.

Golf Rounds Completed: The number of golf rounds played on the City's five courses in fourth quarter of FY 06 fell short of the quarterly target by 3 percent. However, the YTD total exceeded the annual target by 4 percent (targets are based on actuals from the prior year). The increase is attributed to increased play on Skylinks Golf Course and good weather. Golfers receive health benefits from the physical activity, and experience greater quality of life from the social nature of the game. Thus, it is important that the community be provided safe, attractive golfing facilities at competitive prices.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Planning & Building
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of customers served at the Development Services Center	18,965	21,202	20,575	21,896	82,638	100,000	83%
Number of construction inspections completed	22,055	23,288	19,947	21,053	86,343	85,199	101%
Number of major public hearing land use requests reviewed (Planning Commission)	44	41	35	45	165	150	110%
Number of Certificate of Appropriateness applications reviewed	93	129	151	129	502	360	139%

Results Narrative

Customers Served at the Development Services Center (DSC): In FY 06, the Building Permits Program helped over 82,500 customers to obtain permits, design structures and operate businesses, approximately 17 percent below the desired target of 100,000 customers served for the year. The number of customers served at the public counter is largely driven by demand. It is important to note that 86 percent of the 82,500 customers who received assistance at the DSC waited less than 30 minutes, with an average wait time of 8.8 minutes. As expected, during the summer months of July, August and September, the Department experienced an increase in projects, land use requests and customers at the Development Services Center as a result of the warmer weather, which is ideal for construction projects, and historically making it the Department's busiest quarter. Providing customers with an efficient and effective one-stop location for zoning and land use decisions is a critical piece of maintaining the community's vision for the City's built environment while ensuring a high level of compliance and customer satisfaction.

Construction Inspections Completed: The fourth quarter brought an increase in inspections, pushing the 86,343 construction inspections completed over the FY 06 target of 85,199. Out of these inspections conducted annually, 97 percent are performed within 24 hours of the service request. An inspection program that delivers quality services, in a timely manner, more effectively facilitates safe and sustainable development in compliance with federal, state and local health and safety mandates.

Major Public Hearing Land Use Requests Reviewed: The number of major public hearing land use requests reviewed by the Community Design and Development Program reached 165 this year, with the fourth quarter registering the most activity overall. This exceeds the proposed target by 10 percent as a result of an overall increase in planning cases, which is a positive sign of growth and renewal in Long Beach.

Certificate of Appropriateness Applications Reviewed: The Historic Preservation Program reviewed over 500 applications for historical appropriateness in FY 06, almost 140, or 39 percent, more than anticipated levels. Applications for Certificates of Appropriateness (COA) were highest during the 3rd Quarter (summer months) and were above quarterly projections for the fourth quarter in a row for FY 06. This is a result from recent process improvements in the Historic Preservation Program. COA applications are now reviewed administratively and Historic Preservation staff members have been trained and have higher levels of professional qualifications to effectively conduct the administrative review. These two improvements result in a more timely review of the COA applications, despite the higher than anticipated level of demand. Staff members have also implemented a database for all COA applications, which results in a better tracking system for these applications. It is expected that because of this COA database, the quarterly targets for FY 07 will more accurately reflect the actual workload of COA applications. A high quality Historic Preservation Program provides important historic preservation and rehabilitation services to sustain the unique tradition and personality of Long Beach's neighborhoods.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Police
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of prisoners held in City Jail	4,788	4,260	4,742	4,811	18,601	18,504	101%
Priority 1 response time (average time in minutes for arrival at scene)	4.6	4.5	4.4	4.7	4.6	5.0	109%
Number of violent crimes per 1,000 population (cumulative)*	1.7	3.3	5.0	NA	5.0	7.69	NA
Number of Neighborhood Watch organizations supported	264	265	270	273	273	273	100%

* Note: Fourth quarter Violent Crime Data is not yet available due to conversion to the Tiburon 7.5 Report Management System.

Results Narrative

Prisoners Held in City Jail: In FY 06, the number of prisoners booked in City jail exceeded the proposed target by nearly 100 prisoners or approximately 1 percent. The fourth quarter recorded the highest number of bookings for the year, in line with fluctuations in seasonal crime trends as well. The number of prisoners held refers to the number of arrestees that were booked and held in the Long Beach City jail, compared to arrestees that are booked then released (arrestee posts bail). Meeting the demand for high quality jail services is an important part of law enforcement, ensuring that detainees are provided appropriate shelter, access to medical care, meals, access to legal representation and the courts. The Jail Program remains an important component of community safety.

Response Time for Priority One Calls: The Patrol Program continues to maintain a response time to Priority One calls under 5 minutes. Throughout FY 06, the Long Beach Police Department exceeded expectations by almost 9 percent by registering an average response time of 4.6 minutes to Priority One calls (beating its own target of 5 minutes by 24 seconds). Priority One response time is the average amount of time from when a Police Black & White Patrol Vehicle is dispatched to when it arrives on scene, where there is an immediate threat to life and property, (e.g. an armed suspect at the reporting address). Response time is better than target for the quarter and the year, indicating that patrol vehicles are consistently arriving at the scene quickly. This responsiveness contributes to the safety and wellbeing of the community and is an important indicator of effective customer service and efficient operations.

Violent Crime Rate: The Investigations Program tracks the number of violent crimes committed per 1,000 people in the City of Long Beach, a key indicator of overall community safety. Violent crimes include murders, rapes, aggravated assaults and robberies committed per 1,000 people (based on the City's population of 490,000). Although final year-end violent crime statistics are not available, it appears that the trend in violent crime for the first three quarters of FY 06 was on a marked decline. Reduction of violent crime is a top priority of the Long Beach Police Department, making the community safer for residents and visitors. (Q3 cumulative target = 5.8, 12.8% below Q3 cumulative target)

Neighborhood Watch Organizations Supported: The number of Neighborhood Watch organizations supported through the Community Relations Program grew to 273 organizations supported in the fourth quarter, meeting the department's annual target for FY 06. This measure reflects the current number of Neighborhood Watch groups that have been organized through the Police Community Relations Division that remain active. Target numbers are quarterly averages based on prior years. Involving the community in crime prevention activities is an important sustainable component of reducing crime, increasing safety, developing trust and increasing confidence between citizens and the Police Department.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Public Works
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of scheduled vehicle & equipment preventive maintenance services completed	1,114	1,482	1,575	1,536	5,707	4,450	128%
Number of illegal dumping responses completed	718	617	697	1,043	3,075	2,600	118%
Number of incident responses by Street Maintenance Division	141	86	316	460	1,003	150	669%
Number of graffiti sites remediated	10,252	11,314	11,012	9,631	42,209	40,000	106%

Results Narrative

Vehicle & Equipment Maintenance Completed: In FY 06, the Fleet Maintenance Program completed over 5,700 scheduled vehicle and equipment maintenance requests, nearly 1,300 or 28 percent more jobs than expected. The increase in maintenance service jobs completed can be attributed in part, to improvements in the tracking and management of maintenance services Citywide. The recently completed Stockroom Employee Optimization Study provided a number of recommended strategies to improve efficiency in Fleet Services, resulting in cost savings and increased performance. Maintaining high quality preventive fleet maintenance is a crucial part of protecting the City's investment in vehicles and equipment, and providing employees with the equipment they need to deliver core services to the community.

Illegal Dumping Responses Completed: For the Refuse Collection Program, debris from 3,075 incidents of illegal dumping was removed from City streets in FY 06, reflecting an 18 percent increase of service over the projected target for the year. This success can be attributed to service improvements and the use of 20 surveillance cameras placed throughout the City to keep our neighborhoods and businesses cleaner and safer, as well as more resources committed to provide these services through the Clean Long Beach litter abatement program.

Street Maintenance Emergency Incident Responses: The Streets/Drainage Maintenance Program responded to over 1,000 emergency incident calls for service in FY 06, well over the 150 expected. Forty-six percent of the total responses occurred during the fourth quarter of the year due to after-hours emergency tree trimming calls. The extended periods of intense heat experienced this summer caused a greater number of trees limbs to fall. Unpredictable public safety demands also factor into this increase. Emergency response crews are dispatched in response to calls from Police, Fire and the Communications Center to provide traffic and crowd control services, portable lighting and public safety field support as required.

Graffiti Sites Remediated: The Graffiti Removal Program remediated 42,910 sites in FY 06. This amount represents 2,914 sites, or 7.3 percent, over the annual target of 40,000, and 143 more remediations than the 42,767 sites completed in FY 05. Graffiti is remediated in varying proportions by Public Works staff, a contractor and court-referred community service workers. The fourth quarter result is expectedly lower than previous quarters, as two holidays and staff vacation time taken during the summer months leaves fewer staff available to drive the equipment vans and supervise the community service worker crews. The number of reported graffiti sites increase when weather conditions improve and when school is not in session. Removing graffiti improves the community's appearance, contributing to a better environment for neighborhoods, housing and local businesses.



Focus On Results Quarterly Results Narrative

Department:
Quarter:

Technology Services
Fourth Quarter, FY 06
100% of FY 06 Complete

Key Budget Measures

Description	QTR 1	QTR 2	QTR 3	QTR 4	YTD	FY 06 Target	YTD % of Target
Number of reprographic orders completed	761	658	787	842	3,048	2,700	113%
Number of on-site desktop repairs completed	730	801	745	688	2,964	2,400	124%
Number of general business application trouble tickets resolved	322	294	244	404	1,264	1,200	105%
Number of voice & data network installations completed	517	198	219	336	1,270	2,196	58%

Results Narrative

Reprographic Orders Completed: The Reprographics Program completed 3,048 orders during FY 06, exceeding the projected target of 2,700 by 13 percent. Although the Program is not fully staffed and is dependent on aging equipment to process orders, staff continues to meet additional demand from City departments through improvements in operations. Based upon recommendations from the Reprographics Optimization Study, the department is in the process of filling staff vacancies and upgrading aging equipment. The number of reprographic orders completed reflects the number of print and copy jobs that are done by staff, as well as those that go to an outside vendor. Providing a high quality Reprographics Program is an essential component of delivering high quality print, copy and educational materials to the community, to the City Council and to the departments for their operations.

On-site Desktop Repairs Completed: The number of on-site desktop repairs completed through the Help Desk Program exceeded the anticipated demand of 2,400 by 564 repairs, or 24 percent. Due to extended replacement schedules, the amount of aging equipment in use by the City workforce is at a higher level, resulting in a significant number of additional requests for service. In the next 14 to 26 months, it is anticipated that the remaining 400 desktops in service beyond their replacement cycle will be upgraded, which should result in a reduced number of requested repairs. Maintaining the City's computer equipment is an important component of workforce productivity.

General Business Applications Trouble Tickets Resolved: The number of general business application trouble tickets resolved by the General Business Systems Program was 1,264, or 5 percent, over the projected target of 1,200. General business applications include e-mail, internet/intranet, human resource management, geographic information and the workers' compensation systems. The higher than projected performance reflects increased demand for system functionality. The department expects to complete upgrades in a number of general business systems in FY 07, including email, Human Resources and Geographic Information Systems (GIS) that will add functionality to these core systems. This will make City staff more productive and better able to meet the needs of the community.

Voice & Data Network Installations Completed: The number of installations completed by the Voice & Data Network Program reflects a 42 percent decrease from the almost 2,200 network devices and equipment anticipated to be installed in FY 06. Since this target was based on actual FY 05 performance, which was a peak year for phone replacement, this measure will be adjusted in FY 07 to more accurately reflect projected installations. To date, approximately 1,500 phones in the City have been changed to the new Cisco IP phone system, with an additional 5,000 phones requiring replacement. It is anticipated that replacing the remaining phones will take place over a period of five years, ensuring that staff has modern communications equipment to maintain effective service delivery.



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
FY 07 Recommendations			
1	Recommend the City Manager identify existing staff to be dedicated to performing a detailed contracting-in marketing and capacity analysis and implement findings in FY 07	Staff reviewed and presented a report on contracting opportunities in 2006. The study and recent experience indicate very limited opportunities, given lack of capacity and cost structures.	
2	Recommend the City Council support the current repayment plan adopted by the RDA, until such time as a new and expedited schedule can be developed. We request the City Manager to work with the RDA to review projected revenue and expenditures in the Downtown Project Area at the end of the first quarter, December 31, 2006, after it receives its tax increment from the County. And if there is additional revenue beyond current budget projections, the RDA commit these additional revenues to Downtown debt repayment to the General Fund; and, recommend that the North Redevelopment Property Tax Increment generated by Port District assets continue to be shared for general City purposes in accordance with the Clarion Study.	The RDA repayment Schedule was adopted by the City Council on September 12, 2006, and anticipated repayment of Downtown RDA debt commencing in FY 08. Subsequent to receiving the March 2007 installment of Property Tax Increment revenue, staff will report as to whether the repayment can be accelerated to begin this fiscal year. Staff continues to monitor the North RDA's Port-area generated tax increment and will report back concurrent with the Downtown RDA revenue mentioned above. Note that an additional \$2.3 million of North RDA revenue was committed to fund high priority fire stations.	
3	Recommend the City Manager pursue the following initiatives, based on Employee Innovation Team Implementation proposals:		
(a)	Create a Revenue Collection Enforcement Team that is charged with maximizing revenue collection;	In progress	
(b)	Expand the cost recovery program for law violators to all impacted departments with recurring costs; and	Staff will provide a full mid-year update to the BOC on project status at an upcoming BOC meeting.	
(c)	Develop safety programs and preventative measures that provide incentives for reducing Workers' Compensation costs.	Staff is working to identify possible options for inclusion in the FY 08 budget.	



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
4	Recommend support of the City Manager-proposed fee increases using the full-cost methodology developed through the fee study, in support of the City Council's newly adopted fee policy.	The fee increases proposed for FY 07 were adopted in full by the City Council on September 12, 2006. Departments are reviewing fees and cost recovery for services provided on a continual basis. Opportunities to generate a material level of revenue from fee increases during the fiscal year will be brought to the City Council on a case-by-case basis.	
5	Recommend the City Manager present recommendations to the City Council from the Parking Optimization Study regarding current rates, and develop a Citywide parking strategy that would include meters, structures and lots.	The RDA is updating its parking study. It will develop a strategy for addressing a number of parking issues in the Downtown, including rate structure, valet, circulation, parking solutions, etc. The study will include a community participation element and should be concluded by July 2007.	
6	Recommend the development of multi-year financial strategies and priorities to address critical unmet City infrastructure and Public Safety needs such as:		
(a)	One Time Revenue/Expenditures for: <ul style="list-style-type: none">· Streets, alleys, sidewalks, curbs, street drainage and potholes;· Fire and Police Facilities;	During a City Council Study Session on January 16, 2007, the Director of Financial Management and the Director of Public Works gave a presentation on the City's Infrastructure needs (focusing on streets and sidewalks) and possible funding options, including doubling the current Oil Production Tax to \$0.30/bbl. Several questions were asked and staff is preparing responses for the City Council. Staff is working with RDA to assess the Agencies commitment to streets and will be scheduling another workshop to continue discussions in the coming months. A formal review is being conducted on Police/Fire facilities and will incorporate disparate studies recently completed. Staff is bringing an update (qtrly) to City Council on the status of funding and implementing priority public safety facility improvements.	



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
(b)	On-Going Revenue/Expenditures · Police Officer Recruitment and Retention; and · Library Programs, services and hours of operation	The City Council approved a 10 percent longevity increase along with additional guaranteed salary increases for Police Officer Association (POA) members and Police Department management on November 21, 2006. This \$10 million increase over three years was requested to head-off potential retention issues amongst more senior officers within the police force. As part of the Mayor's Recommendations for the Adopted FY 07 Budget, approved by the City Council, service levels for the Department of Library Services were restored back to FY 03 levels. \$400,000 was also pledged as a one-time infusion of resources for the Department's general book budget. The level of funding was still short of the levels envisioned by the Long Beach Challenge outreach strategy.	
7	Recommend the City Manager and City Council evaluate potential Spring 2007 and April 2008 tax measures and other revenue opportunities during FY 07, including but not limited to:		
(a)	Fee Based Revenue Generating Options not Requiring a Vote of the Public - Container Fee - Rental Car Fee	A staff report was presented to the BOC on July 11, 2006 regarding the possibility of implementing a Container Fee. A staff report has been completed concerning the Rental Car Fee and is available to be presented to BOC at a future meeting.	
(b)	Non-resident Tax Generating Options - Oil Production - Transient Occupancy	On January 30, 2007 the City Council voted to place a \$.25 increase to the Oil Production tax, with CPI increases, on the May 1, 2007 ballot, the Police and Fire Public Safety Oil Production Act, which if approved by a 2/3rds majority of the electorate, will provide dedicated funds for police officers and firefighters, by assessing an additional \$0.25/bbl on the current \$0.15 Oil Production Tax. Note that the city's major Hoteliers self-assessed a 3 percent Transient Occupancy Tax in August 2005; this action brought total City/Hotelier TOT up to 15 percent, which is among the highest in the region.	



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
(c)	Local Resident and Business Tax Generating Options - Local Parcel - Mello Roos - Parking Lot	Information can be provided at a future meeting	
8	Evaluate and develop long-term financial mechanism to address the on-going graffiti removal program	Responsibility for the Graffiti Abatement Program was shifted from Public Works to Community Development on November 1, 2006. As a result, Program resource requirements have also expanded from a single response truck to 4 response trucks. Additionally, as of January 2007, the Program was further expanded to include public rights of way. This additional responsibility will likely require a 5 th truck.	
9	Recommend reaffirmation of existing City Financial Policies, as amended	Adopted by Council 9/12/06	
10	Support the City Manager's proposed enhancements related to Infrastructure and other quality of life issues, which have been identified as core services, community priorities and/or as Mayor and City Council priorities;	Adopted by Council 9/12/06	
11	Support the fee increases and adjustments proposed by the City Manager and Board of Water Commissioners.	Adopted by Council 9/12/06	
FY 07 Next Steps			
1	Develop financial strategies to address future liabilities, as identified in the City Manager's Proposed Financial Strategic Plan including annual costs for:		



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
(a)	Negotiated increase to bring police personnel to the median of the City's comparable agencies (\$10-\$15 million)	On August 16, 2005, the City Council approved a MOU with the POA that provided an increase in base compensation, plus a guaranteed adjustment to the median pay rate of Police Department's ten comparable agencies. On November 21, 2006, the City Council approved an amendment to the MOU providing an additional 5 percent increase in FY 07, retroactive to October 1, 2006, for police officers with 10 years or more of service. Beginning in FY 08, officers with 15 or more years of service will receive an additional 5 percent increase annually.	



City of Long Beach Budget Oversight Committee Recommendations

	Recommendation	Current Status	BOC Recommended Next Steps
(b)	Fire and non-sworn personnel negotiations (\$1.5 million per additional 1 percent growth in salaries)	The current contract with Fire runs through September 30, 2008. On January 30, 2007 the City Council voted to place on the May 1, 2007 ballot, the Police and Fire Public Safety Oil Production Act, which if approved by a 2/3rds majority of the electorate, will provide dedicated funds for police officers and firefighters, including equipment, by assessing an additional \$0.25/bbl on the current \$0.15 Oil Production Tax. The non-sworn employees contract expires September 30, 2007.	
(c)	City Hall seismic retrofit (over \$3.5 million – early estimate)	City Hall review of retrofit options is underway. Staff will bring a report with disposition and funding options to the BOC once a proposal has been developed.	
(d)	Annual set-aside for GASB 45 retiree healthcare liabilities	Possible \$2.5 - \$4 million per year impact. Presentation will be scheduled with BOC to discuss.	
2	Evaluate and develop financial strategies to address critical unmet City infrastructure needs.	See 6a on Page 2	
3	Continue further discussions of outstanding resident, employee and Innovation Team recommendations.	In progress	
4	Review the progress of the Focus on Results (FOR) Long Beach performance management efforts.	Focus on Results is fully incorporated in the budget development process. Reporting and tracking systems are being implemented to provide expanded information on Citywide performance.	
5	Review and update the City Council Stated Priorities to ensure they reflect the community's needs and include "Reduce poverty in the City of Long Beach".	A community survey will be executed in March 2007 to identify community priorities. Results of the survey will be presented to City Council in an April 3 rd study session during which the City Council will develop its stated priorities for FY 08. Staff will use the outcome of the study session to develop their FY 08 budget proposals.	
6	Evaluate and develop long-term financial mechanism to increase the Arts Council budget.	In progress	
7	Evaluate and develop long-term financial mechanism to reinstate the Employee Tuition Reimbursement Program.	In progress	
8	Review the proposed items for consideration submitted by Councilwoman Schipske (see attached).	In progress	

ATTACHMENT C

**City of Long Beach
Fiscal Year 2008
Calendar of Key Budget Development Activities and Deadlines**

NOTE: Activities associated with public budget outreach highlighted in Bold

February 5	City Manager Budget Kick-off
April 3*	City Council Study Session – Presentation of Community Survey Results and Discussion by Mayor and City Council of FY 08 Budget Priorities
April/May	City Manager Staff Budget Outreach With Community
May	City Manager Budget Hearings With Department Directors
June 19*	City Council Budget Workshop - City Manager Financial Strategic Plan Update
July 14*	Community Budget Forum - Proposed Budget Summit IV
August 1	City Manager's Proposed Budget to Mayor
August 14	City Council Budget Workshop - Presentation of Mayor's Recommendations and City Manager's Proposed Budget
August 21*	City Council Budget Hearing and Workshop – Budget Oversight Committee Budget Recommendations and Department Presentations
August 28*	City Council Budget Workshop and Hearing , If Needed
September 4*	City Council Budget Workshop and Hearing – Department Presentations
September 11*	City Council Budget Workshop and Hearing , If Needed
September 18*	City Council Budget Workshop and Hearing , If Needed
September 25*	City Council Budget Workshop and Hearing , If Needed

*Dates are not final until confirmation of Mayor and City Council's availability.

City of Long Beach
Fiscal Year 2008
Calendar of Key Budget Development Activities and Deadlines
(Assuming Proposed Charter Amendments Pass)

NOTE: Activities impacted by Charter changes are highlighted in Italics

February 5	City Manager Budget Kick-off
April 3*	City Council Study Session – Presentation of Community Survey Results and Discussion by Mayor and City Council of FY 08 Budget Priorities
April/May	City Manager Staff Budget Outreach With Community
May	City Manager Budget Hearings With Department Directors
June 19*	City Council Budget Workshop - City Manager Financial Strategic Plan Update
June 23*	Community Budget Forum
July 1	<i>City Manager's Abridged Proposed Budget to Mayor</i>
August 1	City Council Budget Workshop - Presentation of Mayor's Recommendations and City Manager's Proposed Budget (in Performance-based Program Format)
August 21*	City Council Budget Hearing and Workshop – Budget Oversight Committee Budget Recommendations and Department Presentations
August 28*	City Council Budget Workshop and Hearing , If Needed
September 4*	City Council Budget Workshop and Hearing – Department Presentations
September 11*	City Council Budget Workshop and Hearing , If Needed
September 15	<i>City Council Deadline to Adopt FY 08 Budget, Transmit to Mayor</i> <i>Mayor Has 5 Calendar Days to Sign City Council-adopted Budget or Veto</i>
September 18*	City Council Budget Workshop and Hearing , If Needed to Respond to Mayoral Veto
September 25*	City Council Budget Workshop and Hearing , If Needed to Respond to Mayoral Veto
September 30	<i>City Council Deadline to Override Mayoral Veto</i>

*Dates are not final until confirmation of Mayor and City Council's availability.

City of Long Beach Financial Policies

1) Structurally Balanced Budget

The annual budgets for all City funds will be structurally balanced throughout the budget process. Recurring revenue will equal or exceed recurring expenditures in both the Proposed and Adopted Budgets. If a structural imbalance occurs, a plan will be developed and implemented to bring the budget back into structural balance.

2) Report on How the Budget is Balanced

The City Manager will include in the narrative transmitting the Proposed Budget a concise discussion on how the proposed budget is balanced. If the structural balance changes between the Proposed and Adopted Budgets, the City Manager will clearly delineate the changes and the resulting structural balance in the Adopted Budget.

3) General Fund Reserves

The City shall maintain an Emergency Reserve equivalent to 10 percent of General Fund recurring expenditures and an Operating Reserve equivalent to 10 percent of General Fund recurring expenditures. If these reserves are used, a plan will be developed and implemented to replenish the funds used.

4) Use of One-Time Resources

Once the General Fund budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar nonrecurring revenue shall not be used for current or new ongoing operating expenses. Appropriate uses of one-time resources include establishing and rebuilding the Emergency Reserve and the Operating Reserve, early retirement of debt, capital expenditures and other nonrecurring expenditures.

5) Use of New Discretionary Revenue

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

6) Accounting and Financial Reporting

The City will conform to Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB). Reporting will include the following:

- Interim Financial Reports: staff will prepare monthly reports for the City Council that analyze and evaluate financial performance.

City of Long Beach Financial Policies

- Red Flag Exceptions: The City Manager shall advise the City Council of troubling and/or positive financial information including an assessment of the impact on the City budget and financial condition. Thresholds for this reporting include:
 - Whenever a major expenditure exception occurs that will impact a fund's expenditure budget by one percent or totals over \$500,000; or
 - Whenever a major revenue exception occurs that will impact a fund's revenue budget by one percent or totals over \$500,000.

7) User Fees and Charges

The City of Long Beach is empowered to recapture, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

8) Grants

City staff will seek out, apply for and effectively administer federal, state and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before any grant is pursued, staff shall provide a detailed pro-forma that addresses the immediate and long-term costs and benefits to the City.

9) Long-Term Financial Plan

Each year, staff shall develop a Long-Term Financial Plan that forecasts operating expenditures and revenue for the next three to five years and capital expenditures and revenue for the next seven years. The Long-Term Financial Plan will be updated prior to the start of the annual budget process. As part of the budget message, the City Manager will advise the City Council of potential long-term positive and adverse trends along with his or her analysis of the trends. The Long-Term Financial Plan will include, but not be limited to, an analysis of such factors as:

- Economic Growth Rates
- Retail Sales Activity
- State of California Revenue and Expenditure Impacts
- Census Data

City of Long Beach Financial Policies

- Residential Development Activity
- Industrial Activity
- Demographic Changes
- Legal and Regulatory Changes
- The costs that are deferred or postponed until the future
- The full ongoing impacts of grants
- The future costs of PERS
- The accumulation of benefit liabilities
- The costs of new programs that are not fully funded
- The difference between ongoing and one-time expenses and revenue
- The operating costs associated with capital improvement projects
- The impact of demographic and economic changes on services, revenue and program costs
- Analyze financial trends
- Assess problems and opportunities facing Long Beach
- Identify alternative strategies needed to address the issues
- Develop long-term forecasts and revenue and expenditures using alternative economic, planning and policy assumptions

10. Debt Issuance

General Fund long-term debt payments shall not exceed 10 percent of operating expenditures. In addition, the City shall not issue long-term (over 1-year) General Fund debt to support operating costs. All General Fund debt issuances shall identify the method of repayment (or have a dedicated revenue source).